

STANDING COMMITTEE ON FOOD, CIVIL SUPPLIES  
AND PUBLIC DISTRIBUTION (2003)

**THIRTEENTH LOK SABHA**

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

DEMANDS FOR GRANTS  
(2003-2004)

TWENTY SECOND REPORT

Presented to Lok Sabha on 10<sup>th</sup> April, 2003  
Laid in Rajya Sabha on 10<sup>th</sup> April, 2003

LOK SABHA SECRETARIAT  
NEW DELHI  
April, 2003/ Chaitra, 1925 (Saka)

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**COMPOSITION OF THE STANDING COMMITTEE ON FOOD, CIVIL SUPPLIES  
AND PUBLIC DISTRIBUTION – 2003**

**Shri Devendra Prasad Yadav**

**- Chairman**

**MEMBERS  
LOK SABHA**

2. Shri A.P.Abdullakutty
3. Shri Rajbhar Babban
4. Shri Tara Chand Bhagora
5. Shri Sujan Singh Bundela
6. Shri Dalit Ezhilmalai
7. Shri Namdeo Harbaji Diwathe
8. Shri Rameshwar Dudi
9. Shri Deep Gogoi
10. Shri Abdul Hamid
11. Shri Ramesh C.Jigajinagi
12. Smt. Preneet Kaur
13. Shri Bir Singh Mahato
14. Shri Sanat Kumar Mandal
15. Shri Shyam Bihari Mishra
16. Shri Sis Ram Ola
17. Shri Sukdeo Paswan
18. Shri Dharam Raj Singh Patel
19. Shri Ramsagar Rawat
20. Shri Baju Ban Riyan
21. Shri Vishnu Dev Sai
22. Shri Ramchandra Veerappa
23. \*Shri Rammurti Singh Verma
24. \*\*Shri Man Singh Patel
25. # Shri Kishan Lal Diler
26. # Shri Jaiprakash
27. # Shri Kalava Srinivasulu
28. # Shri Adhi Sankar
29. Vacant
30. Vacant

**RAJYA SABHA**

31. Smt. Bimba Raikar
32. Shri Nandi Yellaiah
33. Shri Surendra Lath
34. Shri Sk. Khabir Uddin Ahmad
35. Shri Ravula Chandra Sekar Reddy
36. Shri Munavvar Hassan
37. Shri C. Perumal
38. Shri M.A.Kadar
39. Shri Vijay Singh Yadav
40. Shri Isam Singh
41. Shri Anil Sharma
42. Dr. (Ms.) P. Selvie Das
43. Shri N.K. Premachandran
44. \*\*\*Shri Lajpat Rai
45. Vacant

**SECRETARIAT**

- |    |  |                          |
|----|--|--------------------------|
| 1. | <b>Dr. (Smt.) Paramjit Kaur Sandhu</b> | <b>Joint Secretary</b>   |
| 2. | <b>Shri A.S. Chera</b>                 | <b>Deputy Secretary</b>  |
| 3. | <b>Shri R.S. Mishra</b>                | <b>Under Secretary</b>   |
| 4. | <b>Shri R.K. Bhatnagar</b>             | <b>Committee Officer</b> |

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**\*Nominated to the Committee w.e.f 13<sup>th</sup> February, 2003 (vide LS Bulletin Part – II. No.3591 dated 13.2.2003).**

**\*\*Nominated to the Committee w.e.f 4<sup>th</sup> March, 2003 (vide LS Bulletin Part – II. No. 3678 dated 4.3.2003).**

**# Nominated to the Committee w.e.f. 7<sup>th</sup> April, 2003 (vide LS Bulletin Part II No. 3760 dated 7.4.2003).**

**\*\*\*Nominated to the Committee w.e.f 2<sup>nd</sup> January, 2003 (vide RS Bulletin Part – II. No. 40357 dated 3.1.2003).**

## INTRODUCTION

I, the Chairman of the Standing Committee on Food, Civil Supplies and Public Distribution (2003) having been authorised by the Committee to submit the Report on their behalf, present this Twenty Second Report on Demands for Grants (2003-2004) 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 (2003-2004) of the Ministry which were laid on the Table of the House on the 12<sup>th</sup> March, 2003.

3. The Committee took evidence of the representatives of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs) on 25<sup>th</sup> March, 2003.

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

5. The Report was considered and adopted by the Committee at their sitting held on 4<sup>th</sup> April, 2003.

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

**New Delhi;  
7 April, 2003  
17 Chaitra, 1925(Saka)**

**DEVENDRA PRASAD YADAV  
Chairman,  
Standing Committee on  
Food, Civil Supplies and  
Public Distribution.**

## **PART - I**

### **CHAPTER-I**

#### **INTRODUCTORY**

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

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

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

1.3 The Department has administrative responsibility of the following Organisations functioning under the administrative control of the Ministry:-

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

1.4 The details of the Budget Estimate and Revised Estimate for (2002-2003) as well as Budget Estimates for (2003-2004) are as under:-

(In crores of Rupees)

	Major Head	Budget 2002-2003			Revised (2002-2003)			Budget (2003-2004)		
		Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
<b>REVENUE SECTION</b>										
Secretariat-Economic Service	3451	0.20	5.57	5.77	0.16	6.40	6.56	0.20	6.58	6.78
Other Scientific Research Industries	3425	3.95	10.80	14.75	2.20	10.24	12.44	3.30	10.95	14.25
Civil Supplies	2852	0.45	...	0.45	0.45	...	0.45	0.15	...	0.15
	3456	3.45	31.08	34.33	3.19	35.73	38.92	3.15	8.57	11.72
	Charged	...	...	...	...	...	...	...	...	...
	Voted	3.45	31.08	34.53	3.19	35.73	38.92	3.15	8.57	11.72
Other General Economic Services	3475	0.33	4.03	4.36	0.23	3.28	3.51	0.52	3.66	4.18
<b>Total-Revenue Section</b>		8.38	51.48	59.86	6.23	55.65	61.88	7.32	29.76	37.08
	Charged	...	...	...	...	...	...	...	...	...
	Voted	8.38	51.48	59.86	6.23	55.65	61.88	7.32	29.76	37.08
<b>CAPITAL SECTION</b>										
Capital outlay on other Scientific and Environmental Research	5425	....	...	...	0.30	...	0.30	0.50	...	0.50
Capital Outlay on Other General Economic Services	5475	1.22	...	1.22	0.75	...	0.75	1.25	...	1.25
<b>North Eastern Areas</b>	4552	0.55	...	0.55	0.22	...	0.22	0.60	...	0.60
Loans for other General Economic Services	7475	...	6.00	6.00	...	23.68	23.68	...	...	....
<b>Total-Capital Section</b>		1.77	6.00	7.77	1.27	23.68	24.95	2.35	....	2.35
<b>GRAND TOTAL</b>		10.15	57.48	67.63	7.50	79.33	86.83	9.67	29.76	39.43
	Charged	...	...	...	...	...	...	...	...	...
	Voted	10.15	57.48	67.63	7.50	79.33	86.83	9.67	29.76	39.43

1.5 The details of recoveries adjusted on account of expenditure for Revenue and Capital Section are as under:-

	Major Head	Budget 2002-2003			Revised (2002-2003)			Budget (2003-2004)		
		Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
<b>Revenue Section</b>										
Civil Supplies	3456	...	-5.00	-5.00	...	-4.00	-4.00	...	-5.00	-5.00
<b>Total Revenue Section</b>		...	-5.00	-5.00	....	-4.00	-4.00	....	-5.00	-5.00
<b>Capital Section</b>										
<b>Total Recoveries</b>		...	-5.00	-5.00	...	-4.00	-4.00	....	-5.00	-5.00
	Revenue	8.38	46.48	54.86	6.23		57.88	7.32	24.76	32.08
	Capital	1.77	6.00	7.77	1.27	51.65	24.95	2.35	...	2.35
	Total	10.15	52.48	62.63	7.50	23.68 75.33	82.83	9.67	24.76	34.43

1.6 A statement showing Budget Estimate and Revised Estimate for the year (2001-2002) and (2002-2003) and expenditure incurred under both plan and non-plan schemes/programmes under Department of Consumer Affairs upto 28.2.2003 alongwith percentage expenditure is enclosed:

#### PLAN SCHEMES

( In crores of Rupees)

S. No.	Name of the Scheme	2001-2002				2002-2003			
		BE	RE	AE	Percentage Expenditure with reference to RE	BE	RE	AE (upto 28-2-03)	Percentage Expenditure with referecne to RE
1.	Consumer Protection	3.40	3.40	3.26	95.88	3.40	3.10	1.51	48.71
2.	National Test House	3.45	2.00	1.68	84.00	3.95	2.50	1.10	44.00
3	Consumer Disputes Redressal Commission	---	0.27	0.27	100.00	0.50	0.13	---	--
4.	Bureau of Indian Standards	1.94	1.94	1.94	100.00	0.30	0.30	0.30	100.00
5.	Contribution to Quality Council of India	0.15	0.15	---	NIL	0.15	0.15	0.15	100.00



6.	Weight and Measures	1.88	1.86	1.67	89.78	0.81	0.71	0.63	88.73
7.	Regulation of Markets	0.15	0.17	---	---	0.15	0.05	0.06	120
8.	Information Technology	0.28	0.28	0.28	100.00	0.25	0.25	0.25	100.00
9.	Lump sum provision for North East	0.70	0.70	0.14	20.00	0.64	0.31	0.09	29.03
	<b>Total</b>	<b>10.50</b>	<b>10.77</b>	<b>9.24</b>	<b>85.79</b>	<b>10.15</b>	<b>7.50</b>	<b>4.09</b>	<b>54.53</b>

**B. NON-PLAN**

(In crore of Rupees)

S. No.	Name of the Scheme	2001-2002				2002-2003			
		BE	RE	AE	Percentage Expenditure	BE	RE	AE (upto 28-2-03)	Percentage Expenditure
1.	Secretariat	5.11	5.50	5.10	92.73	5.57	6.40	6.00	93.75
2.	Forward Markets Commission	2.59	2.53	1.92	75.89	2.57	1.91	1.66	86.91
3.	Weights & Measures	1.52	1.31	1.11	84.73	1.33	1.24	1.22	98.39
4.	Consumer Protection Unit	0.14	0.14	0.14	100.00	0.13	0.13	0.11	84.62
5.	National Consumer Disputes Redressal Commission	0.95	0.92	1.09	118.48	0.95	1.02	0.94	92.16
6.	National Test House	-	10.61	9.37	88.31	10.80	10.24	9.33	91.11
7.	Contribution to International Organization of Legal Metrology	0.14	0.13	0.11	84.62	0.13	0.13	0.11	84.62
8.	National Agricultural Cooperative Marketing	27.10	27.10	27.00	99.63	25.00	30.58	30.12	98.50
9.	Projects under Consumer Welfare Fund	5.00	3.70	1.04	28.11	5.00	4.00	0.39	9.75
10.	Loans to Super Bazar	0.00	15.00	15.00	100.00	6.00	23.68	23.68	100.00
	<b>Total</b>	<b>42.55</b>	<b>66.94</b>	<b>61.88</b>	<b>92.44</b>	<b>57.48</b>	<b>79.33</b>	<b>73.56</b>	<b>92.73</b>

1.7 Asked whether any amount allocated under Budget Estimate/Revised

Estimate in various heads has been diverted to other heads during the financial year (2002-2003), the Ministry have furnished details of diversion of funds and reasons thereof as:-

<b>(Rs. in Thousand)</b>			
<b>Sl. No.</b>	<b>From</b>	<b>To</b>	<b>Reasons</b>
1.	I. Major Head 3456 Civil Supplies. 00.001 Direction & Administration 02 Consumer Protection Cell 02.00.20 Other Administration Expenses  <b>Rs. 25</b>	I. Major Head 3456 Civil Supplies. 00.001 Direction & Administration 03 Consumer Disputes Redressal Commission 03.00.20 Other Administration Expenses  <b>Rs. 25</b>	I. This amount was required to meet expenditure on organizing an open House meeting in IIPA on 17.8.2002. This meeting would increase awareness amongst the consumers.
	II. Major Head 3451 Sectt. Economic Services. 00.090 Sectt. 46 Department of Consumer Affairs 46.00.12 Foreign Travel Expenses.  <b>Rs. 1,00</b> ----- <b>Total Rs. 1,25</b>	II. Major Head 3456 Civil Supplies. 00.001 Direction & Administration 03 Consumer Disputes Redressal Commission 03.00.11 Domestic Travel Expenses  <b>Rs. 1,00</b> ----- <b>Total Rs. 1,25</b>	This amount is required to meet expenditure on payment of TA/DA to members and the President, NCDRC who had to undertake tours frequently to fulfil his statutory requirements envisaged under section 24 B of the Consumer Protection Act, 1986.
2.	I. Major Head 3475 Other General Economic Services 00.798 International Co-operation 03 Contribution to International Organization of Legal Metrology 03.00.32 Contribution <b>Rs. 1,83</b>	I. Major Head 3475 Other General Economic Services 00.106 Regulation of Weights & Measures 05 Weights & Measures Unit 05.00.13 Office Expenses. <b>Rs. 1,83</b>	The savings under contribution head are on account of less expenditure due to exchange rate variations. The savings have been re-appropriated to office Expenses under Weights & Measures Unit to enable then to purchase two Computers.
3.	I. Major Head 3451- Sectt. Economic Services 00.090 Sectt. 46 – Department of Consumer Affairs  I. 46.00.03 Overtime Allowance <b>Rs. 20</b> II. 46.00.12 Foreign Travel Expenses <b>Rs. 2,00</b>  <b>Total Rs. 2,20</b>	II. Major Head 3456 Civil Supplies. 00.001 Direction & Administration 03 Consumer Disputes Redressal Commission  I. 03.00.03 Overtime Allowance <b>Rs. 20</b> II. 03.00.11 Domestic Travel Expenses <b>Rs. 2,00</b>  <b>Total Rs. 2,20</b>	I. (a) This amount is required for payment of Overtime Allowance to the staff Car Drivers.  (b) This amount is required to meet expenditure on TA/DA to Members and the President, National Consumer Disputes Redressal Commission, who have to undertake frequent tours to fulfill their statutory requirements envisaged under Section 24 B of the Consumer Protection Act, 1986.

(Rs. in Thousand)			
Sl. No.	From	To	Reasons
	Major Head 5475 Capital Outlay on Other General Economic Services 00.102 Civil Supplies i) 07 Regional Reference Standards Laboratory, Bhubaneswar 07.00.52 Machinery & Equipment <div style="text-align: right;">Rs. 4,20</div>	Major Head 5475 Capital Outlay on Other General Economic Services 00.102 Civil Supplies 11 Regional Reference Standard Laboratory, Bangalore. 11.00.52 Machinery & Equipment <div style="text-align: right;">Rs. 1,60</div> 07 Regional Reference Standard Laboratory, Bhubaneswar 07.00.53 Major Works <div style="text-align: right;">Rs. 2,60</div> <hr style="width: 10%; margin-left: auto; margin-right: 0;"/> <div style="text-align: right;"><b>Total Rs. 4,20</b></div>	II. (i) Additional funds are required by Regional Reference Standard Laboratory, Bangalore to meet the committed expenditure on purchase of Machinery & Equipment.  (ii) Additional funds are required by Regional Reference Standard Laboratory, Bhubaneswar to meet their committed expenditure of CPWD.
	ii) 10 Regional Reference standards Laboratory, Ahmedabad 10.00.52 Machinery & Equipment <div style="text-align: right;">Rs. 3,00</div> <b>Total Plan (Capital Section) Rs. 7,20</b>	10 Regional Reference Standard Laboratory, Ahmedabad 10.00.53 Major Works <div style="text-align: right;">Rs. 3,00</div> <b>Total Plan (Capital Section) Rs. 7,20</b>	(iii) Additional funds are required by Regional Reference Standard Laboratory, Ahmedabad to meet their committed expenditure of CPWD.

4.	I. Major Head 3451 Sectt. Economic Services 00.090 Sectt. 46 Department of Consumer Affairs 46.00.13 Office Expenses (Plan)  <b>Rs. 3.50</b>	I. Major Head 3456 Civil Supplies. 00.001 Direction & Administration 03 Consumer Disputes Redressal Commission 03.00.13 Office Expenses (Plan)  <b>Rs. 3.50</b>	This amount is required to meet expenditure on the computerization programme of NCDRC.
5.	I. Major Head 3451 Sectt. Economic Services. 00.090 Secretariat 46 Department of Consumer Affairs 46.00.12 Foreign Travel Expenses  <b>Rs. 5,00</b>	Major Head 3451 Sectt. Economic Services 00.090 Secretariat 46 Department of Consumer Affairs 46.00.11 Domestic Travel Expenses  <b>Rs. 5,00</b>	The amount is required to meet expenditure on domestic travel expenses, particularly clearing air travel bills received from Indian Airlines in respect of main secretariat. The additional expenditure is due to more domestic tours undertaken by the personal staff of the Minister for Consumer Affairs, Food & Public Distribution and officers of the Department in connection with official work.
	II. Major Head 3475 Other General Economic Services 00.106 Regulation of Weights & Measures 05 Weights & Measures Unit 05.00.12 Foreign Travel Expenses  Rs. 25 <hr/> <b>Total Rs. 5,25</b>	Major Head 3475 Other General Economic Services 00.106 Regulation of Weights & Measures 06 Regional Reference Standard Laboratories 06.00.11 Domestic Travel Expenses  Rs. 25 <hr/> <b>Total Rs.5,25</b>	This amount is required to meet the expenditure on the domestic travel expenses of the officers and staff of Regional Reference Standards Laboratories at Ahmedabad, Bangalore and Bhubaneshwar. The additional funds are required to clear the pending bills of these Laboratories.
6.	I. Major Head 5475 Capital Outlay on Other General Economic Services 00.102 Civil Supplies 06 Regional Reference Standard Laboratory, Faridabad 06.00.52 Machinery & Equipments  <b>Rs. 5,00</b>	Major Head 5475 Capital Outlay on other General Economic Services 00.102 Civil Supplies 06 Regional Reference Standard Laboratory, Faridabad 06.00.53 Major Works  <b>Rs. 5,00</b>	The additional amount is required by Executive Engineer, Electrical, CPWD, Faridabad for completion of Electric Work of newly constructed building of Regional Reference Standard Laboratory, Faridabad. The amount is being re-appropriated to avoid cost / time over run.

7.	Major Head 3456 Civil Supplies 03 National Consumer Disputes Redressal Commission 03.00.12 Foreign Travel Expenses  <b>Rs. 80</b>	3456 Civil Supplies 03 National Consumer Disputes Redressal Commission (i) 03.00.13 Office Expenses Rs. 60 (ii) 03.00.20 Other Administrative Expenses Rs. 20 ----- <b>Total Rs. 80</b> -----	(i) Funds under office expenses are required to meet part of the expenses, which are recurring committed expenditure for the month of March 2003. (ii) Funds under Other Administrative Expenses are required to meet the expenses under this head for the months of February and March, 2003.
8.	Major Head 5475 Capital Outlay on Other General Economic Services 00.102 Civil Supplies 10 Regional Reference standards Laboratory, Ahmedabad 10.00.53 Major Works  <b>Rs. 11</b>	Major Head 5475 Capital Outlay on Other General Economic Services 00.102 Civil Supplies 11 Regional Reference Standard Laboratory, Bangalore. 11.00.53 Major Works  <b>Rs. 11</b>	The additional funds are required for making final payment to CPWD on completion of road within the office premises of RRSL, Bangalore

9.	Major Head 3475 Other General Economic Services 07 Indian Institute of Legal Metrology 07.00.01 Salaries  <b>Rs. 3,00</b>	Major Head 3475 Other General Economic Services 07 Indian Institute of Legal Metrology 07.00.13 Office Expenses  <b>Rs. 3,00</b>	The amount is required for payment of arrears of Electricity bill of the office premises of IILM, Ranchi to Jharkhand Electricity Board.
10.	Major Head 3425 Other Scientific Research 60 Others 101 National Test House 01 Sample Testing Centre 01.00.52 Machinery & Equipment  <b>Rs. 75</b>	Major Head 3425 Other Scientific Research 60 Others 101 National Test House 01 Sample Testing Centre 01.00.21 Supplies & Material  <b>Rs. 75</b>	Additional funds are required due to price hike of material and chemicals used for laboratory tests
11.	I. Major Head 3456 Civil Supplies 00.001 – Direction & Administrative (Minor Head) 02 – Consumer Protection Unit  02.00.50 Other Charges  Rs. 3,20	Major Head 3456 Civil Supplies 00.001 – Direction & Administrative (Minor Head) 02 – Consumer Protection Unit  02.00.26 Advertisement & Publicity  Rs. 3,20	(a) To meet additional expenses on publicity expenses relating to Consumer Awareness.
	II. Major Head 3456 Civil Supplies 00.001 – Direction & Administration (Minor Head) 02 – Consumer Protection Unit 02.00.20 Other Administrative Expenses Rs. 4,00 02.00.28 Professional Services Rs. 3,90 02.00.31 Grants-in-Aid Rs. 1,00 02.00.50 Other Charges Rs. 2,00  Total Rs. 10,90 <b>Grand Total I+II</b> <b>Rs. 14,10</b>	Major Head – 3456 Civil Supplies 03- Consumer Disputes Redressal Commission 02.00.13 – Office Expenses Rs. 10,90  Total Rs. 10,90 <b>Grand Total I+II</b> <b>Rs. 14,10</b>	(b) To meet expenditure for organizing a conference of Presidents of the State Commissions and the Secretaries in-charge of Consumer Affairs in States/UTs on 15 <sup>th</sup> and 16 <sup>th</sup> March, 2003 and inaugural function for construction of the NCDRC's building at INA Complex, New Delhi on 15 <sup>th</sup> March, 03.

12.	<p>I. Major Head 3425 Other Scientific Research 60 Others 101 National Test House 01 Testing Sample Centre</p> <p>(i) 01.00.11 Domestic Travel Expenses Rs. 2,00</p> <p>(ii) 01.00.52 Machinery &amp; Equipment Rs. 2,00</p> <p><b>Total Rs. 4,00</b></p>	<p>(i) Major Head 3456 Civil Supplies 00.001- Direction &amp; Administration 03 Consumer Disputes Redressal Commission 03.00.13 Office Expenses (Plan) Rs. 3,50</p> <p>(ii) Major Head 3451 Sectt. Economic Services 00.090 Sectt. 46 Department of Consumer Affairs 46.00.13 Office Expenses (Plan) Rs. 50</p> <p><b>Total Rs. 4,00</b></p>	<p>(i) This amount is required to meet expenditure on Computerization programme of NCDRC.</p> <p>(ii) This amount is required to meet expenditure on Computerization programme of Pay and Accounts Office at Kolkata, Mumbai and Chennai.</p>
13.	<p>I. Major Head 3451 Sectt. Economic Services 00.090 Sectt. 46 Department of Consumer Affairs 46.00.12 Foreign Travel Expenses Rs. 3,40</p> <p>II. Major Head 3475 Other General Economic Services 00.106 Regulation of Weights &amp; Measures 05 Weights and Measures Unit. 05.00.12 Foreign Travel Expenses Rs. 75</p> <p><b>Total Rs. 4,15</b></p>	<p>Major Head 3451 Sectt. Economic Services. 00.090 Sectt. 46 Department of Consumer Affairs. 46.00.11 Domestic Travel Expenses Rs. 3,40</p> <p>Major Head Other General Economic Services. 00.106 Regulation of Weights &amp; Measures. 05 Weights and Measures Unit. 05.00.11 Domestic Travel Expenses Rs. 75</p> <p><b>Total Rs. 4,15</b></p>	<p>I. Additional funds are required due to increased tours by the official/Staff to various regional offices to evaluate their performances.</p> <p>II. The funds are required to clear the pending bills due to increased expenditure under Domestic Travel.</p>

1.8 As regards construction of Regional Research Laboratory (RRSL) building at Guwahati, the Committee was informed that subsequent to disposal of court case, meetings were held with the CPWD authorities for finalizing the design of the laboratory building based on specific requirements. CPWD submitted the designs of the building which was approved by the Department in November, 2002. CPWD had already taken up the construction of the final part of the compound wall and Guest House. The work of main laboratory building is likely to be awarded in March, 2003 and the period of completion has been set at 18 months. Monitoring of the progress of the work is being made regularly by the Department. The RRSL, Guwahati is already functioning in a temporary rented premises in Guwahati.

1.9 When asked the reason why only 29.03 % of budget allocation was utilized during the current financial year, the Ministry in a subsequent note furnished to the Committee have stated that the main reason is abrupt stoppage of construction work by CPWD due to court stay order and that budget provision of 31 lakh for 2002-2003 was being fully utilized.

1.10 Regarding construction project of National Test House, the Ministry have informed the Committee that due to delay in completion of NTH Salt Lake Complex the financial targets in terms of revenue earning could not be achieved to the extent it was provided for. Also, due to economic cut imposed by Department of Expenditure on the Plan provision during 2001-2002 some equipment could not be procured thereby affecting the physical performance in terms of revenue earning through testing samples. Due to shortfall in equipment purchase and the scientific posts lying vacant, targets for 2002-2003 could not be achieved.



1.11 Asked whether there had been cost escalation due to time lag, the Ministry have replied that for NTH Salt Lake Complex, Kolkata an amount of Rs.12.56 crore was sanctioned for construction of the laboratory complex. The project was supposed to have been completed in 1995. But the project was reviewed due to escalation of the price of the building materials. The EFC approved first cost estimate of the building at the cost of Rs.19.93 crore which included a component of machinery and equipment. But the target of completion of project in 1995 could not be adhered to due to litigation and other problems for which the project has been delayed. The EFC approved the second revised cost estimate amounting to Rs.34.24 crore including cost of equipments in the year 1998. Though most of the construction activities have been completed, some minor works are yet to be completed for which an allocation of Rs.1.35 crore has been made to CPWD.

1.12 Adding further, the Ministry informed the Committee in subsequent note that the cost of construction of the Salt Lake Complex building as approved by the EFC of Department of Consumer Affairs in September, 2002, is Rs. 22.11 crore out of the total cost of Rs. 34.24 crore of the project. The main building of NTH, Salt Lake has been completed except the following items of work:

- (a) Accoustic Lab
- (b) Auditorium
- (c) Permanent Boundary Wall

Upto March, 2003, equipment and machinery required for the laboratories at Salt Lake Complex costing Rs. 192.57 lakh have been procured and installed and laboratories have started functioning. Equipments costing Rs. 480 lakhs are to be purchased during the 10<sup>th</sup> Five Year Plan in a phased manner for the Salt Lake Laboratory.

**1.13 The Committee are not satisfied with the overall performance of the Ministry in regard to percentage expenditures over Budget Estimates (BE) (2002-2003) in both Plan and Non-plan schemes. The percentage expenditures during the year 2002-2003 in Plan and Non-plan schemes stood at 54.53 and 92.73 respectively which is not upto the mark. Even with reference to RE (2002-2003) the funds allocation for Consumer Protection and Weights and Measures were far from being fully utilized. This is clearly indicative of the fact that the Monitoring Committee set up by the Ministry has not been able to deliver any good to the running schemes. Further, funds allocated under the Major Head 3451 has been diverted to Major Head 3456 for petty matters such as to meet committed expenditure, to fulfill statutory requirement of officers, to meet domestic travel expenses of personal staff of the Minister, etc. clearly display poor monitoring. Further, the reasons put forth by the Ministry in regard to delay in construction project such as RRSL, Guwahati and NTH Salt Lake Complex, Kolkata and resulting cost escalating on these projects are not convincing at all. In the opinion of the Committee, the monitoring of the Ministry over its various schemes and also its coordination with the State Governments and other concerned Ministry have not been upto the mark. The Committee, therefore, strongly recommend that the Ministry's monitoring mechanism should be further strengthened so that the projects undertaken are completed in time which in turn will also result in avoiding the cost escalation. The Committee further urge the Ministry to take necessary steps in coordination with the State Governments to ensure that the funds allocated in various projects at the Budget Estimate stage are utilized fully in an even manner. Steps taken and progress achieved in this regard should be communicated to the Committee with 3 months time.**

## CHAPTER – II

### CONSUMER PROTECTION

#### MAJOR HEAD – 3456

The Consumer movement is a socio-economic movement which seeks to protect the rights of the consumer in relation to the goods purchased and services availed. Government have accorded high priority to the programme of consumer protection. As a nodal Department, the Department of Consumer Affairs has initiated a number of steps to promote a responsible and responsive consumer movement in the country. Such measures included the use of mass media for promoting consumer awareness and encouraging consumers' involvement through voluntary consumer organisations. 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 consumers;
- (ii) To involve and motivate various sections of society such as consumer organisations, women and youth to participate in the programme.
- (iii) To assist, encourage and provide financial assistance to voluntary consumer organisations to take up various consumer protection activities; and
- (iv) To generate awareness among consumers about their rights and responsibility, motivate them to assert their rights and not to compromise on quality and standards of goods and services and seek redressal in consumer courts, wherever required.

2.2 The BE and RE (2002-2003) and BE for the year 2003-2004 are as given below:-

	Plan	Non-Plan	(In crore of Rupees) Total
BE (2002-2003)	3.45	1.08	4.53
RE(2002-2003)	3.19	1.15	4.34
BE(2003-2004)	3.15	1.57	4.72

### **Consumer Courts and Fora**

2.3 The Consumer Protection Act, 1986 (69 of 1986) is a milestone in the history of socio-economic legislation in the country. It is one of the most progressive and comprehensive pieces of legislation enacted for the protection of consumers. It is a unique piece of legislation as it provides a separate three-tier consumer dispute redressal machinery at the National, State and District Levels. The Act is intended to provide simple, speedy and inexpensive redressal of the consumers grievances.

2.4 Last year, a total of 49 Consumer Fora remained non-functional due to delay in filling up of the vacant posts of President / Members. This has come down to 36 District Fora this year. Statewise information regarding functional/ non-functional District Fora is placed at **Annexure –A'**.

2.5 Clarifying the position, the Ministry in their note furnished to the Committee have stated that the main reasons for non-functioning of district fora are :-

- a. vacancy caused due to resignation, death or absence of the President/Member so that the quorum is not complete to conduct the sitting.
- b. Delay in appointment of Presidents/Members due to various reasons even after completing the selection process.
- c. Delay in selection of Presidents/Members of District Fora due to absence of the president of State Commission who is being the Chairman of the Selection Committee.
- d. Non-availability of suitable candidates for Presidents/Members specially in smaller States / Island Territories.

2.6 They have further stated that since the Consumer Protection (Amendment ) Act, 2002 empowered the Senior-most Member to preside over the sitting, the District Fora can continue even in the absence of the President. Further selection process will also not interrupt since sitting judge of the High Court will preside over the Selection Committee when State Commission President is absent for any reason. States were also requested to maintain a panel of Members for immediate appointments. These provisions are expected to reduce the Non-Functional District Fora drastically.

2.7 Asked about the Statewise and District-wise percentage of cases disposed of within stipulated time limit and number of persons punished, the Ministry have stated that the same is not maintained.

2.8 Adding further, the Ministry have stated in a subsequent note that the data regarding disposal of cases within the stipulated time is not being maintained since inception, in absence of proper data reporting system, due to various reasons /constraints which include the shortage of supporting staff.

2.9 Regarding administrative and financial powers of the Presidents of State Commissions and District Fora, the Committee was informed that many States/UTs have declared the President of State Commission as the Head of Department delegating the administrative and financial powers. Similarly, the Presidents of District Fora as Head of Office. Conferences of Presidents of the States/UTs and Secretaries of States recommended for declaring the Presidents of State Commission and District Fora to the above effect. The latest position, is at

**Annexure-B**

2.10 The representatives of the Ministry have further stated in their post evidence reply that they will follow it up with the States/UTs who have not declared the Presidents of State Commission and District Fora as Head of Departments and Head of Offices respectively.

2.11 When asked about efforts made by Secretary, Department of Consumer Affairs, Government of India, Chief Secretaries of the States/UTs to make the Consumer Courts fully functional, the Committee was informed in a written note that Secretary, Consumer Affairs wrote a letter on 24.7.2002 to all the Chief Secretaries and the President of NCDRC bringing to their notice the observations of the Parliamentary Standing Committee made during 2001-2002 on non-functioning of consumer fora and other issues. The Department of Consumer Affairs also wrote letters on on 24<sup>th</sup> July, 2002 and 8<sup>th</sup> November, 2002 in this regard to all the Secretaries in the States/UTs. Copies are placed at **Annexure-C**.

2.12 Regarding Computerization of Consumer Courts, the Committee was informed that Secretary, Consumer Affairs in his letter dated 24.7.2002 addressed to the Chief Secretaries brought to their notice the concern of the Standing Committee to establish computer network connecting all consumer forums utilizing the services of the NIC of their States. NIC has helped in preparing a special software to facilitate the computerization work of the National Commission. NIC has also developed an Web-site [www.ncdrc.nic.in](http://www.ncdrc.nic.in) for the National Commission. The software has been tested and finalized and at that movement under operation by NCDRC for feeding the data in respect of filed cases. The website of National Commission contains the heading History, Members, Bare Act, General Information, State Commissions and State Consumer Protection Rules, District Fora, Cause list and Judgements, which can be accessed on Internet.

2.13 As regards funds, the Ministry have stated that the States were informed to utilize balance, if any, of the one time grant-financial assistance of Rs. 61.80 crores released to the states /UTs during the years 1995-99.

2.14 Adding further, the Ministry have stated in a subsequent note furnished to the Committee that fifteen States/UTs have responded, informing that action has been initiated/proposed to be initiated to provide computers to their State Commission or District Fora. Out of these fifteen States, Karnataka and Uttar Pradesh have informed that the balance funds of one-time-grant are being utilized for computerization and others

have stated that they have no funds left or having committed expenditure towards construction of building etc. . The States of Orissa, Rajasthan and Skikim have even demanded for additional funds for undertaking computerization from the Centre. The note also has stated that the Department of Consumer Affairs had made a proposal seeking funds for computer network of National Commission and State Commissions to the Planning Commission. However, for the 10<sup>th</sup> Plan period the Planning Commission did not provide any funds to the Department for this purpose.

**Publicity Measures**

Major Head – 3456

2.15 The BE and RE (2002-2003) and BE (2003-2004) are as under:-

(In crore of Rupees)

	BE (2002-2003)	RE (2002-2003)	BE (2003-2004)
Plan	3.05	2.75	2.77
Non-Plan	--	---	--
Total	3.05	2.75	2.77

2.15 The Ministry have informed the Committee that in order to generate that the message of consumer protection reaches every citizen of this country, the Department has taken a number of steps through audio-visual and print publicity media. Some of such measures undertaken are as follows:-



(a) Video documentaries entitled “ Mubarak Kadam” and “Misleading Advertisements” have been prepared which explain the salient features of the Consumer Protection Act 1986 and the problems of misleading advertisements respectively. These were telecast on Doordarshan.

Video spots, covering various aspects of consumer protection have also been prepared and were telecast on Doordarshan. 30 seconds’ audio spots on Consumer Protection were prepared and broadcast on various commercial broadcasting stations of AIR.

In place of the old Radio programme “APNE ADHIKAR”, a new programme of 15 minutes duration on consumer protection under the title “Jago Grahak Jago” is scheduled to be broadcast with effect from 26.12.2002 in 22 languages from various Primary and Vividh Bharati Channels of AIR stations.

A 12 part serial each of half an hours duration on consumer related matters entitled “GRAHAK DOST’ in Hindi was produced in collaboration with Doordarshan. This serial was telecast by Doordarshan from June 1998. Thereafter, it was produced in seven regional languages for telecast. This was the first serial of its kind in the field of consumer protection.

The Department of Consumer Affairs have taken a decision to produce fresh T.V. serials on Consumer protection in the year 2002-2003.

**(B) Printed Material**

In the field of printed publicity material, the Department has brought out following material which is distributed free of cost:-

- (i) Brochures entitled “Salient Features of Consumer Protection Act, 1986”, “Rights of Consumers” and “ The Consumer Protection Act and You”.

- (ii) Booklets entitled "Help Prevent Adulteration", Consumer Protection and Weights and Measures" have been printed.
- (iii) Posters depicting consumer awareness messages.
- (iv) Post card size material on consumer protection.
- (v) Seven booklets on various aspects of consumer awareness in Hindi, for use in Adult Education Programme, keeping in view the need for rural masses and women folks.
- (vi) "Directory of Voluntary Consumer Organisations' was revised, printed and distributed among the VCOs free of cost.

2.17 In addition, the Department is also bringing out quarterly journal UPBHOKTA JAGARAN on consumer related matters which is distributed to consumer organizations free of cost.

#### **Consumer Welfare Fund (CWF)**

2.18 Apart from the awareness activities directly undertaken by the Department of Consumer Affairs, funds from the Consumer Welfare Fund are released to Voluntary Consumer Organisations (VCOs) /Non-Governmental Organisations (NGOs) to provide financial assistance for promoting and protecting the welfare of consumers, generating consumer awareness and strengthening the consumer movement particularly in the country. The statewise, VCOwise break up of actual expenditure from CWF as on 28.2.2003 is shown at **Annexure D**.

2.19 During the year (2000-2001), Consumer Coordination Council (CCC) was assigned the work of evaluation of 20 VCOs assisted from the Consumer Welfare Fund. Asked about the latest position in this regard, the Government in a written note informed that the two VCOs had been advised to refund the grant amount. Consumer Coordination Council was also advised to undertake re-evaluation of two more VCOs which were not available at the time of evaluation.

2.20 Asked whether the Government is satisfied with the response of consumers to the efforts made to generate awareness of their rights over the last 5 –6 years, the Government have stated that the Department had spent the limited budgetary provisions against a gigantic task of creating awareness. During the last 6 years, cases filed before Consumer Courts increased by 10.40 lakh and number of VCOs had grown nearly three times form 1995-1998.

2.21 Regarding the fund allocation for Consumer Awareness, the Government have stated that the funds are allocated only after getting the approval of the Planning Commission. For the Tenth Five Year Plan they have received approval of Planning Commission for only Rs 15.5 crore against their request of Rs. 50.00 crore. At the timing of discussion with Planning Commission this year for Annual Plan the Department again made a request to enhance the budget for the year 2003-2004 to Rs. 7.0 crore and also to correspondingly increase the Tenth Plan allocation which was not agreed to.

2.22 Adding further, the Ministry in a note furnished to the Committee have stated that in view of the denial of additional funds by the Planning Commission to the Department, it has no alternative/option except to continue its consumer awareness programmes within the allocated funds in the best possible manner.

**2.23** The Committee note with concern that despite the Government's assurance two years back that non-functional District Fora would be made functional, 36 District Fora are still reported to be non-functional. This clearly shows that the Government have not taken the issue in the right earnest. Another matter of deep concern for the Committee is that the National Commission is still not maintaining data regarding cases disposed of within stipulated time. Though the Government have assured the Committee to take up the issue with the National Commission during examination of the Consumer Protection (Amendment) Bill, 2001, nothing has been done as yet. The Committee, therefore, strongly recommend that the Government should more vigorously persuade the State Governments to make these non-functional District Fora functional by filling up the vacant posts of President and Members at the earliest. The Committee also urge the Ministry to persuade the State Governments to declare Presidents of State Commission and of District Fora as Heads of Departments and Heads of Offices respectively delegating administrative and financial powers to them so that functioning of these Courts are not hampered for petty matters such as purchase of office stationary, furniture etc. The Government should also ensure that the data of cases disposed of within stipulated time is maintained by the National Commission at the earliest which will not only reflect the success achieved by the Consumer Courts but also help the consumers in a big way. Regarding computerization of Consumer Courts, the matter should be taken up with the Planning Commission and the Ministry of Finance so that enough funds are made available for the purpose during the Revised Estimate (2003-2004) stage so that information is readily available to the consumers for quick redressal of their grievances. Steps taken and progress made in this regard should be intimated to the Committee within 3 months time.

**2.24** The Committee are concerned to note that though the Government claim that efforts have been made by them to awaken the consumers for their rights, nothing substantial seems to have been achieved in this regard. The Committee feel that in rural areas, the consumer is more liable to exploitation because he does not have the facilities available elsewhere in the cities. Even

most of the NGOs who are working in the field of 'Upbhokta Jagaran' are based in cities only. The Committee further note that though the Ministry have requested the Planning Commission to allocate more funds in the 10th Plan allocation, the request of the Ministry could not get through. In the opinion of the Committee unless more funds are allocated by the Planning Commission to the Ministry, they will not be able to tackle the gigantic task of creating awareness among the Consumers particularly those who are living in rural areas. The Committee, therefore, strongly recommend that the matter should be taken up with Planning Commission at the highest level. As regards evaluation of NGOs / VCOs are concerned, the Ministry's monitoring in coordination with State Governments should be further strengthened and all efforts should be made to recover money granted to fake NGOs/VCOs with interest at the earliest. Also steps should be taken by the Ministry in simplifying the procedure for grant of money to NGOs/ VCOs who are genuine and working for generating awareness to consumers for their rights. Steps taken and progress achieved should be intimated to the committee with 3 months times.

## INFORMATION REGARDING FUNCTIONAL/NON-FUNCTIONAL DISTRICT FORA.

(DISTRICT  
FORA)

Sl. No.	States	No. of District Fora	Functional	Non-functional	As On
1	Andhra Pradesh	25	25	0	31.12.2002
2	A & N Islands	2	1	1	31.12.2002
3	Arunachal Pradesh	13	13	0	30.6.2002
4	Assam	23	20	3	31.12.2001
5	Bihar	37	28	9	31.12.2002
6	Chandigarh	2	2	0	31.12.2001
7	Chattisgarh	16	16	0	31.12.2002
8	D & N Haveli	1	1	0	20.11.2001
9	Daman & Diu	2	2	0	31.12.2000
10	Delhi	9	9	0	31.12.2002
11	Goa	2	2	0	31.12.2002
12	Gujrat	19	17	2	31.12.2002
13	Haryana	19	19	0	31.12.2002
14	Himachal Pradesh	12	12	0	31.12.2002
15	Jammu & Kashmir	2	2	0	31.10.1997
16	Jharkhand	18	18	0	30.6.2001
17	Karnataka	23	23	0	31.12.2002
18	Kerala	14	13	1	31.12.2002
19	Lakshadweep	1	1	0	31.12.2002
20	Madhya Pradesh	45	45	0	31.12.2002
21	Maharashtra	34	32	2	31.1.2003
22	Manipur	8	8	0	30.6.2000
23	Meghalaya	7	31	0	31.12.2001
24	Mizoram	3	3	0	30.6.2002
25	Nagaland	8	8	0	20.11.2001
26	Orissa	31	31	0	31.12.2002
27	Pondicherry	1	1	0	31.12.2002
28	Punjab	17	17	0	31.12.2002
29	Rajasthan	33	33	0	31.12.2002
30	Sikkim	4	4	0	31.12.2002
31	Tamilnadu	30	30	0	31.12.2002
32	Tripura	3	3	0	31.12.2001
33	Uttar Pradesh	74	60	14	31.12.2002
34	Uttaranchal	13	13	0	31.12.2002
35	West Bengal	20	19	1	
	<b>TOTAL</b>	<b>571</b>	<b>535</b>	<b>36</b>	

**ANNEXURE-B**

STATEMENT REGARDING HEAD OF DEPARTMENT AND HEAD OF OFFICE IN STATE COMMISSION AND DISTRICT FORA.

Sl	States/UTs.	Whether President SC declared as HOD	Whether President DF declared as HOO	Whether adm. Powers in respect of staff given.	Remarks.
1	Andhra Pradesh	Yes.	Yes.		Part time SC
2	Arunachal Pradesh				
3	Assam				
4	Bihar				
5	Chattisgarh				
6	Goa				
7	Gujrat	*Yes.	Yes.		Registrar Declared HOD
8	Haryana	Yes.			
9	Himachal Pradesh.	Yes.			
10	Jammu & Kashmir				
11	Jharkahand				
12	Karnataka	Yes.			
13	Kerala	Yes.	Yes.		
14	Madhya Pradesh.	Yes.	Yes.		
15	Maharashtra				
16	Manipur				
17	Meghalaya				
18	Mizoram				
19	Nagaland				
20	Orissa				
21	Punjab	Yes.	Yes.		
22	Rajasthan	*Yes.	Yes.		Registrar Declared HOD
23	Sikkim		Yes.		
24	Tamil Nadu	Yes.			
25	Tripura				
26	Uttar Pradesh.	Yes.			
27	Uttaranchal	Yes.			
28	West Bengal		Yes.		
29	A&N Island				
30	Chandigarh Adm.	Yes.			
31	D&N Haveli				
32	Daman & Diu				
33	Delhi		Yes.		
34	Lakhsdweep	Yes.	Yes.		
35	Pondicherry		Yes.		

Government of India  
MINISTRY OF CONSUMER AFFAIRS . FOOD AND  
PUBLIC DISTRIBUTION

Department of Consumer Affairs  
KRISHIBHAWAN, NEW DELHI-110001

July 24,2002 ~

S. BANDOPADHYAY  
SECRETARY  
Ph. 3782807  
Fax. 3384716  
Dear Shri

The Parliamentary Standing Committee on Food, Civil Supplies & Public Distribution while examining the Demands for Grants of the Department of Consumer Affairs for the year 2001-2002, had expressed its deep concern about the number of consumer disputes redressal "forum at District level (District fora) that were non-functional. The number-offorumsthat are non-functional has increased compared with the position prevailing last year.-Relevant extracts of the observations/recommendations of the Standing Committee are enclosed. The Committee has desired that vigorous efforts should be made to see that all the consumer forums function continuously in the larger interest of the consumers of the country. Please ensure that no consumer forums remain non-functional at any point of time. For filling up anticipated vacancies in time you may consider to maintain a panel of suitable candidates for appointment as President/Member, provide adequate infrastructure including personnel for the effective Sanctioning of the forums etc.

The Standing Committee of Parliament has also expressed its concern about Inadequate reporting and compilation of statistical data, especially with regard to the number of cases disposed of within the specified time by the consumer forums. Arrangement for this may be worked out jointly by the concerned department and the State Commission so that the National Commission is in a position to compile and oversee the functioning of the consumer forums.

The Standing Committee has also emphasized the need to set up a Computer Network connecting all consumer disputes redressal agencies. The need for computer networking was also highlighted in recent meetings of Presidents of National/State Commissions and Secretaries in charge of Consumer Affairs and the Central Consumer Protection Council. You may like to utilize the services of the NIC in your State for this purpose. In case any balance fund is available from the one-time-grant given by the Central Government for strengthening the infrastructure of the consumer forums this could also be utilized for computerization.

An early reply on the action taken or proposed to be taken shall be appreciated and Enable us to inform the Committee.

With regards,  
Encis: As above.

Yours sincerely,  
Sd/-  
(S Bandopadhyay)

As per attached list f Chief Secretaries.



Annexure – C (ii)

GOVERNMENT OF INDIA  
MINISTRY OF CONSUMER AFFAIRS . FOOD AND  
PUBLIC DISTRIBUTION  
DEPARTMENT OF CONSUMER AFFAIRS  
KRISHI BHAWAN. NEW DELHI-110001  
Dated the 24<sup>th</sup> July,2002

D.O.No.5(3)/2002-CPU  
S. BANDOPADHYAY  
SECRETARY  
Phone: 3782807  
fax • 3384716

Dear Shri Justice Wadhwa,

The Parliamentary Standing Committee on Food, Civil Supplies & Public Distribution while examining the Demands for Grants of the Department for the year 2002-2003, has expressed its concern about the number of agencies that are non-functional. The Committee has also expressed its concern that the National Commission is not maintaining data regarding cases disposed of within the stipulated time. Relevant extracts of the Standing Committee report are enclosed.

I have brought to the notice of the Chief Secretaries of the States/UTs the concerns expressed by the Standing Committee. A copy of the letter dated 24.7.02 issued to them is enclosed for information.

National Commission may consider taking appropriate steps for collection and maintenance of relevant data so that the Parliamentary Standing Committee could be apprised about the action taken on its recommendations.

Yours sincerely,  
Sd/-  
(S Bandopadhyay)

Encls: As above.

Shri Justice D P Wadhwa  
President,  
National Consumers Disputes Redressal Commission,  
New Delhi.

GOVERNMENT OF INDIA  
MINISTRY OF  
CONSUMER AFFAIRS, FOOD AND  
PUBLIC DISTRIBUTION  
(Department of Consumer Affairs)  
KRISHI BHAWAN, NEW DELHI-110001  
November 8.2002

S P PATHAK  
Officer on Spl. Duty  
Ph. 3389936

Sub:- Non-functional consumer fora and inadequate infrastructure.

I would like to bring to your notice that the National Commission had recently organized an "Open House" meeting under the chairmanship of its President Shri Justice D.P. Wadhwa on 17th August, 2002 at Indian Institute of Public Administration, New Delhi. In addition to the members of the District Fora/State Commissions who were undergoing training in the IIPA, reputed voluntary consumer organizations, presidents of State Commissions, Advocates from different Bar Associations and others participated in the Open House and exchanged their views particularly in regard to the shortcomings in the functioning of the consumer forums in the country to improving their functions in the overall interest of consumers. Various suggestions were made in the Open House.

The non-functional consumer forums in many parts of the country due to non-appointment of presidents/members by non-initiating action well in advance and non-maintenance of ready panel for immediate appointment and impairing the functioning of the forums due to inadequate infrastructure provided them were highlighted most prominently at the meeting. These inadequacies were also raised the last meeting of the Parliamentary Standing Committee of the Ministry while examining the Demands for Grants and also in the meeting attended by the presidents of State Commissions and Secretaries incharge of Consumer Affairs which was organized jointly by this Department and the National Commission as well as in the as well as in the Central Consumer Protection Council meeting, both held in New Delhi in the month of February and March, 2002 respectively. In view of this position as well as in the larger interest of consumer welfare, you are requested to take all necessary measures to ensure that all the consumer for a function uninterruptedly in your State/UT and do not suffer due to inadequate infrastructural facilities.

Another issue relates to the quarterly reports regarding functional/non-functional consumer forums in the prescribed proforma not being sent to the Department as well as to the National Commission in time which is causing difficulty in compiling the latest position. I would, therefore, request that the quarterly report already due for the quarter ending September, 2002 may kindly be sent to us immediately and also to ensure that the same is sent to us on regular basis.

With regards,

Yours sincerely,  
Sd/-

(S.P. Pathak)

The Secretaries in-charge of  
Consumer Affairs in the States/Uts

Copy to : Registrar. NCDRC. for kind information of the  
President, NCDRC

(S.P.Pathak)

**STATEWISE, VCOWISE BREAKUP OF ACTUAL EXPENDITURE (FROM CWF) AS ON 28.02.03**

	<b>Name of the Organization</b>	<b>Purpose</b>	<b>Amount in Rs.</b>
<b>KERALA</b>			
1.	Govt. of Kerala	1,50,000	JSY
1.	Centre of Indian Consumer Protection and Research, Trivandrum Kerala	2,50,000	DCIC
<b>GUJARAT</b>			
2.	Jagruk Grahak, Vadodra, Gujarat	2,50,000	DCIC
<b>RAJASTHAN</b>			
4.	Upbhokta Marg Darshan Samiti, Rajas than	53,100	Consumer Awarness
5.	Consumer Unity & Trust Society, Jaipur, Rajasthan	1,65,000	CIC
6.	Rajasthan Mahila Kalyan Mandal, Ajmer, Rajasthan.	30,000	Consumer Awareness
7.	Zilla Parishad Dausa, Rajasthan	2,50,000	DCIC
<b>KARNATAKA</b>			
8.	B.R. Patil Education Society, Bidar, Karnataka	81,000	Consumer Awarness
9.	Social Health & Education Dev. Society, Kolar, Karnataka.	1,35,000	Consumer Awareness
10.	Consumer Rights Education and Awareness Trust (CREAT) Karnataka.	1,50,000	CIC
<b>MAHARASHTRA</b>			
11.	Sarvodaya Educational & Voluntary Association (SEVA) Maharashtra	90,000	Consumer Awarness
12.	Lokkalyan Shikshan Sanstha, Gondia, Maharashtra	85,500	Consumer Awarness
13.	Lok Seva Shikshan Prasarak Mandal Maharashtra	84,600	Consumer Awarness
14.	Social Action for Association & Development, Pune, Maharashtra	85,500	Consumer Awarness
15.	Madhya Bharat Education Society, Gondia, Maharashtra	1,35,000	Consumer Awareness

**UTTRANCHAL**

16 Ganga Parvatiya Lok Vikas Sansthan, 2,50,000 DCIC  
Almora, Uttranchal

**MANIPUR**

17. Rural Voluntary Services,Thoubal, 2,50,000 DCIC  
Manipur.

18. Manipur Women Coordinating 2,50,000 DCIC  
Council, Imphal

19. SC/ST Backward Women and 2,50,000 DCIC  
Children Dev. Org. in Rural Area  
Thoubal, Manipur

20. Resource Centre for Social Welfare 1,50,000 Infrastructure Development and Community  
Development,Chandel  
Distt.Manipur.

21. Greenland Development Organisation, 2,50,000 DCIC  
Imphal.

**PONDICHERRY**

22. Consumer Association of Pondicherry 2,50,000 DCIC  
Pondicherry.

**WEST BENGAL**

23. Govt. of West Bengal 2,00,000 JSY

24. Port Area Consumer Association 2,50,000 DCIC  
Kolkata, West Bengal

25. Federation of Consumer Association 90,000 CIC  
Kolkatta,West Bengal

26. FCAWB,Kolkatta,West Bengal 5,00,000 Sweets testing

27. Hooghly Zilla Prasad,Kreta Suraksha 2,50,000 DCIC  
Samity,Hooghly,West Bengal

28. Nadia District Consumer Forum, 2,50,000 DCIC  
Dist.Nadia,West Bengal

29. Nandigran Samaj Kalyan,,Midnapure, 1,08,000 Consumer Awareness  
West Bengal

**TAMIL NADU**

30. M/S. Nugarvore Urimai 2,50,000 DCIC  
Ramnad Distt.Tamil Nadu.

31. SMN Consumer Protection Council 1,65,000 CIC  
Adyar Chennai,Tamil Nadu

32. Organisation for Rural Dev., 1,24,000 Consumer Awareness  
Madurai Distt. Tamil Nadu

**UTTER PRADESH**

33. Bharat Jyoti,Lucknow,U.P. 75,000 CIC

**ORISSA**

34.	Consumer Protection Council, Rourkela, Orissa.	35,000	CIC
35.	Govt. of Orissa	3,00,000	JSY
36.	Consumer Protection Council, Rourkela, Orissa.	1,50,000	Infrastructure Development

**NEW DELHI**

37.	Consumer Coordination Council Mayur Vihar, New Delhi.	2,50,000	DCIC
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**Total: Rs.66,41,700**

## CHAPTER – III

### CONSUMER COOPERATIVES

Consumer Cooperatives have been playing a significant role in the distribution of consumer goods, particularly supply of essential consumer items at fair prices to the rural community, especially in the remote, inaccessible and hilly areas. The objective of consumer cooperatives has been to eliminate the middleman and to protect the interests of consumers. They have no profit motive as they buy goods in bulk from wholesalers and sell to consumers at reasonable prices. The surplus, if any, is distributed among the members as bonus on purchases or used for growth of the cooperatives. Consumer Cooperatives have received good deal of support from the Government as they help to check rise in prices of consumer goods.

#### The Cooperative Store Ltd. (Super Bazar, New Delhi)

##### **Major Head –7475**

3.2 The Cooperative Store Ltd., popularly known as Super Bazar, was registered under the Bombay Cooperative Societies Act. 1925 as extended to the Union Territory of Delhi under Registration No. 284 (s) dated 25.6.1966, it has been registered under Multi State Cooperatives Societies Act 1984, Under Registration No No. MSCS/CR/59/96.

The BE and RE (2002-2003) are as follows:-

(In crore in Rupees)

	BE (2002-2003)	RE 2002-2003)
Plan	-----	-----
Non-plan	6.00	23.68
Total	6.00	23.68

3.3 The Super Bazar started incurring losses from 1996-97 onwards. After considering various alternatives it was decided that Super Bazar could not be revived. As such the cooperative stores Ltd. was wound up on 5.7.2002. The Ministry has informed that as on 21.3.2003 three drugs outlets and four other retail outlets are functioning to dispose of its balance inventory. There are 1275 employees on the roll of Super Bazar whose salary had been paid up to September, 2002 from the funds released by the Government as loan.

3.4 Asked about the actual expenditure out of the allocation for Super Bazar upto 28.2.2003, the representatives of Ministry have stated that the Government of India have agreed in principle to release an amount of Rs.50.94 crore to the Super Bazar, Delhi for payment of terminal benefits to the employees of Super Bazar. As on 28.2.2003, an amount of Rs.17.68 crore was released to meet the expenditure on terminal benefits of the outgoing employees of Super Bazar. Apart from this, Rs.6.00 crore was released for the payment of arrear salary of employees of Super Bazar for the period from December 2001 to March 2002. The Super Bazar utilized Rs.23.68 crore. They have further stated that the Ministry of Finance, Department of Expenditure has agreed to make a provision of Rs.15.00 crore in the 3<sup>rd</sup> and final batch of Supplementary Demands for Grants for the year 2002-2003 for the payment of retrenchment compensation to the employees of Super Bazar under Industrial Disputes Act, 1947. The provisions for balance amount would be made in the Supplementary Demands at the Revised Estimate stage during 2003-2004, as per the requirement of liquidator, Super Bazar for making the retrenchment compensation to the remaining employees.



### **Dues**

3.5 The Ministry have stated that dues of suppliers have been investigated by their Accounts and Finance Wing. As on date, 570 creditors/claimants have filed their claims which amounted to Rs. 27.99 crore (un-audited).

3.6 As regards dues recoverable from Government Departments and Cooperatives Institutions, the Committee was informed that due to mismanagement in Super Bazar earlier, it is difficult to estimate the actual amount likely to be recovered from the Government Departments and Cooperative Institutions. All the Government Departments and Cooperative Institutions have been requested to pay the dues of Super Bazar as it is running in acute financial crisis. As per the books of accounts of Super Bazar, an amount of Rs.3.00 crore (un-audited) is outstanding from these Institutions.

3.7 Adding further, the Ministry have informed in a subsequent note that the accounts of Super Bazar are audited by the Chartered Accountants whereas the accounts of the Government Departments as well as the Government undertakings are audited by the Government auditors/CAGs. These audited statements are fully reliable. The Liquidator is requesting to concerned Departments for payment of the dues as early as possible. Since these are the old dues, it would be difficult to say that during the liquidation the amount will be recovered.

### **Vigilance Cases**

3.8 The Ministry have informed that the Vigilance Division of Department of Consumer Affairs have so far referred 7 cases in respect of Super Bazar for investigation by CBI in February, 2000. Out of the seven cases, CBI has replied for four cases only and the 3 cases are still under investigation with them.

3.9 Asked about the reason for delay in 3 cases and the position about the 4 cases replied by CBI, the representatives of Ministry have stated in their post evidence reply that even though the Department has been taking up the matter with CBI for expeditious disposal of the three cases, the latter has so far not sent their findings. As regards the findings given by the CBI in respect of four cases the same is under examination.

### **Liquidation**

3.10 The Ministry have informed that the Central Registrar of Cooperatives Societies (CRCS) has given six months time to the Super Bazar to complete the Liquidation proceedings. In the month of October 2002, some shareholders have filed three appeals under Section 90 of Multi State Cooperative Societies (MSCS) Act, 1984 challenging the winding up of Super Bazar. These appeals were pending upto 11.12.2002. As per the provisions of MSCS Act "Where an appeal is preferred under Section 90, an order for the winding up of a Multi State Cooperative Society shall not operate thereafter until the order is confirmed in appeal, provided that the liquidator shall continue to have custody or control of the property benefits and actionable claims." After the disposal of three earlier appeals, another appeal was filed by

shareholders challenging the arbitrary powers of CRCS. The appellate authority has rejected the appeal. Thereafter, the Petitioner moved to Delhi High Court. The Hon'ble Delhi High Court directed the appellate authority on 27.1.2003 to re-consider the appeal filed by shareholders in terms of Section 80 of MSCS Act.1984. The appellate authority, after giving the reasonable opportunity to all the petitioners, dismissed the appeal on 11.3.2003. Due to aforesaid reasons, the liquidation proceedings were stopped from 8.10.2002 to 11.3.2003. The details of achievements of Liquidation process are given in brief at **Annexure-E**.

3.11 Asked about the achievement in regard to liquidation during the first 3 months, the Ministry have informed the Committee that during the three months of liquidation proceedings, the claims were ascertained from all the creditors/claimants, out of 135 branches and RDCs of Super Bazar, 127 have been closed and their inventories were shifted from the concerned branches to RDCs for onward submission to the concerned suppliers. The electric connection, telephone connections of these Branches have been discontinued to reduce the liability of Super Bazar. The VSS was offered to all the employees of Super Bazar and more than 600 employees opted for it. Their leave accounts, PF account has been completed and bank reconciliation of 1999-2000 was done. The category-wise list of all the employees as well as the creditors have been prepared. The obligations were moved in respect of courts for ignoring the issues/cases of Super Bazar under section 117 of Multi-State Cooperatives Societies Act, 2002.

3.12 When asked whether a period of 6 months of completion of liquidation is ideal, the Ministry have stated in a subsequent reply that the Central Registrar of Cooperative Societies have allowed the liquidator to complete the liquidation proceedings within six months and that this limit can be extended by CRCS till the completion of the liquidation.

**The National Cooperative Consumer’s Federation (NCCF)**

3.13 The National Cooperative Consumers’ Federation (NCCF) of India Ltd, New Delhi is the national level consumer cooperative society with the entire country as its area of operation. It renders technical and promotional guidance and assistance for increasing operational and managerial efficiency of the consumer cooperative stores. The commercial operations of the NCCF are undertaken through its Headquarters at New Delhi and 21 Branches with 11 Sub-branches located in various parts of the country.

3.14 The working results of the Federation during the last five years and for the current year are as follows:

(Figures in crore of Rupees)		
Year	Sales turnover	Net Profit /Loss
1997-98	255.77	0.60
1998-99	297.54	0.94
1999-2000	312.20	2.79
2000-01	403.79	4.43
2001-02	380.51	5.05
20002-03 (up to Dec. 2002)	453.55	2.95

**Outstanding dues**

3.15 The Ministry have informed that as on 31.1.2003, NCCF’s total outstanding dues was Rs. 8391.91 lakh (inclusive of Rs. 334.39 lakh already classified as bad and doubtful). The position of outstanding dues from major parties and above three years is as follows:-

(Figures in lakh of Rupees.)

<u>Category of outstanding Dues made</u>	<u>31/3/2002</u>	<u>31/1/2003</u>	<u>Recovery</u>
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1-3 years	661.94	510.08	151.86
3 years and above	906.71	885.75	20.96

3.16 The following are major outstanding dues against various parties over three years:

(Figures in lakh of Rupees)

S. No.	Name of the party	Amount	Remarks
1	2	3	4
1.	Punjab State Cons. Coop. Federation	24.90	The Federation has since been liquidated and merged with MARKFED. Arbitration is pending before the Central Registrar, Cooperative Societies.
2.	Education Deptt., Govt. of J&K	174.13	This payment relates to supply of educational material to the State Government in 1995-96. However, some of the local suppliers raised objections on placing supplies with the NCCF and alleged procedural irregularities on the part of the State Government. They filed a case in the High Court of J&K. However, the Hon'ble High Court directed the State Government that the dues of the NCCF may be settled after verification. In spite of following up with the State Government at the highest level including the Central Government, no payment is forthcoming.
3.	UP Upbhokta Sahakari Sangh	27.07	The reconciliation of accounts between NCCF and UPSS is under progress. UPSS assured that they will make the payment, which would arrive at after completion of the reconciliation work.
4.	Shahadara W/s. Cons. Coop. Store	22.44	This case relates to supply of textiles by NCCF in the earlier years. The NCCF was awarded decree by the Arbitrator appointed by the Registrar, Cooperative Societies, Delhi. The party has challenged the award of the Arbitrator in the High Court, which is pending there.
5.	J&K State Cons. Coop. Federation	9.36	The State Federation has been ordered to be wound up and NCCF, therefore, filed its claim with the Liquidator in Srinagar, which will be settled as per law by the Liquidator.

6.	Super Bazar, Delhi	39.16	Super Bazar has been ordered to be wound up by the Central Registrar, Cooperative Societies and the claim of the NCCF would be settled by the Liquidator as per law, which has already been filed.
7.	Assam State Coop. Mktg. & Cons. Federation	46.03	This is left over payment to NCCF by Assam State Federation against supplies of rice valuing around Rs. 43.61 crores. This payment is not forthcoming inspite of follow up by NCCF and Govt. of India.
8.	FCI, New Delhi	13.42	This payment is not forthcoming from FCI on account of non-availability of their records, which were seized by CBI. The case of CBI has since been finalized and now they are returning the records of the FCI. NCCF is following up the matter.
9.	Tamil Nadu Cons. Coop. Federation	38.55	NCCF has been awarded decree by Central Registrar, Cooperative Societies against which the State Federation has gone for appeal.
10.	AAVIN, Chennai	4.88	NCCF has filed a suit against the party, who has now come with a proposal to settle it out of Court.
11.	Kerala Cons. Coop. Federation	30.00	The State Federation is neither coming forward for reconciliation nor releasing the dues of the NCCF. Therefore, arbitration is being filed before the Central Registrar, Cooperative Societies
12.	A.P. State Federation	33.26	The State Federation has been ordered to be wound up by the Registrar, Cooperative Societies, Andhra Pradesh. NCCF has filed its claim before the Liquidator.
13.	West Bengal Essential Commodities Corporation	10.07	Kolkata High Court has appointed an Arbitrator to look into the matter.

14.	Manipur State Federation	20.23	The decree awarded by the Central Registrar, Cooperative Societies in favour of the NCCF although sent to the Government of Manipur has not yet been executed by them inspite of follow up by the NCCF.
15.	Maharashtra State Federation	38.51	Reconciliation work is in progress and they are settling dues in instalment.

3.17 The Ministry have further stated in a subsequent reply that for realisation of dues amounting to Rs. 532.08 lakh from 15 State Level Cooperative Societies, the matter is taken up with the concerned officers in the Cooperative Societies. The Ministry is also following up the major cases of old outstanding dues of NCCF at the Government to Government level. On the intervention of the Government an amount of Rs. 111.64 lakh has been realized from the following federations.

(Fig. In lakh of Rupees.)

Assam State Federation	37.00
Tamilnadu state Federation	18.00
Maharashtra State Federation.	8.00
A.P. State Federation	5.70
Kerala State Federation	42.94
<b>Total</b>	<b><u>111.64</u></b>

3.18 Asked about the steps taken for speedy recovery of amounts, the Ministry have informed in a subsequent reply that for realisation of dues in the age group of above three years, efforts are continued to be made by branches as well as Head Office by personally contacting respective authorities of the Department. Wherever dispute arises, cases are filled with the CRCS, New Delhi, in case of member store/federation as the CRCS is the sole arbitrator. Regional Recovery Cells are functioning in the different regions whose work is monitored at Head Office for speedy recovery on regular basis.

## **Vigilance Cases**

3.19 The Ministry has furnished the latest position of pending vigilance cases as on 28.2.2003 as:-

### **Cases that have been registered during the last 3 months:-**

1.	Sale of Tricycles by NCCF Hyderabad Branch to APVCC, Hyderabad.	Shri M.A. Thomas, AM	Minor penalty proceedings have been initiated against the delinquent officer on 28.2.2003.
2.	Irregularities in supply of textiles by NCCF Delhi Branch.	Sh. V.K. Kohli, DM	The case is under investigation.
3.	Irregularities in business transactions and supply of goods to J&K Govt. by NCCF Srinagar.	Shri M.A. Khan, DM Shri G.R. Sheikh, AM	The case is under investigation.

### **Rest of the cases**

S.No.	Detail of cases	Name of persons involved	Stage of Action.
1.	Irregularities in supply of cleaning material to AIIMS by NCCF Delhi Branch.	Sh. P.P. Singh, AM Shri G.N. Singh, AM Shri A.K. Singh, UDC	The Inquiry Officer has been appointed to inquire into the charges framed against the delinquent officials. The Inquiry Officer has fixed the preliminary hearing of the case on 25.3.2003.
2.	Irregularities in direct sale of confiscated goods to Primary Societies by NCCF Kolkata	Shri P.C. Singh, DM Shri B. Sarkar, AM Shri D.C. Dutta, AM Shri R.N. Mukherjee, AM	The first stage advice of the CVC agreeing to the proposal of NCCF to initiate major penalty proceedings against the delinquent officers, has been received on 13.3.2003. The charge sheets are being issued to the delinquent officers.
3.	Sale of Sun-flower oil by NCCF Bangalore to HAL at higher rates.	Shri M.C. Nair, AM	Case is under final stage of investigation.
4.	Sale of confiscated poppy seeds by NCCF Mumbai.	Shri M. Dhanraj, DM	The oral inquiry has been completed and the report is likely to be received shortly from the Inquiry Officer.



5.	Irregularities in various business transactions at NCCF Guwahati.	Shri B.D. Baruah, DM Shri S. Barkakati, AM Shri H. Burman, AM, Shri S. Ghosh Biswas,AM	Minor penalty of withholding of 2 annual increments for 2 years without cumulative effect has been imposed on 28.2.2003 on 3 delinquent officials. The 2 <sup>nd</sup> stage advice of the CVC in respect of Shri B.D. Baruah, DM has been received on 13.3.2003. The copy of the report is being sent to Shri Baruah for his comments before placing his case before the disciplinary authority for final action/decision.
6.	Irregularities in supply of IBM think-pad to the deptt. of Science & Technology, Ministry of Science & Technology, New Delhi.	Shri M.A. Khan, DM	The disciplinary authority did not agree with the findings of the Inquiry Officer and ordered for re-inquiry of the case on 15.2.2003.
7.	Irregularities in supply of two computers to Addl. Director General (IT) Army Headquarters, New Delhi.	Shri S.K. Sharma, AM.	The oral inquiry has been completed. The report is likely to be received shortly from the Inquiry Officer.
8.	Irregularities in award of construction contract of NCCF building at Okhla.	Shri T.T. Adhikari, Ex- Managing Director.	The CVC on reconsideration of the case, advised to issue displeasure of the management to Shri Adhikari on 4.2.2003. Ministry of Consumer Affairs, Food & Public Distribution has been informed about the advice of CVC. Matter will be placed before the Board to take further view on the CVC advice.
9.	Black-listing of NCCF Noida by DMS.	Shri C.M. Mehra, AM	The investigation report has been submitted to the disciplinary authority for further orders.
10.	Export of 2200 MTS of Rice by NCCF Delhi Branch.	Sh. D.K. Tyagi, Manager Sh. R.C. Puri, DM Sh. V.K. Kohli, DM Sh. Prithi Singh, AM Sh. M.K. Kakaria, AM(A/cs)	Shri D.K. Tyagi and Shri R.C. Puri have been placed under suspension on 3.3.2003. The investigation report has been put up to the disciplinary authority for further action and thereafter the case will be sent to CVC.
11	Sale of Tricycles by NCCF Hyderabad Branch to APVCC, Hyderabad.	Shri M.A. Thomas,AM	Minor penalty proceedings have been initiated against the delinquent officer on 28.2.2003.
12.	Irregularities in supply of textiles by NCCF Delhi Branch.	Sh. V.K. Kohli, DM	The case registered in December 2002 is under investigation.
13.	Irregularities in business transactions and supply of goods to J&K Govt. by NCCF Srinagar.	Shri M.A. Khan, DM Shri G.R. Sheikh, AM	The case registered in December 2002 is under investigation.

As regards disposal of cases, the Ministry has informed that

- (i) Shri Vaidyanathan, General Manager      Minor penalty of 'Censure' on 28/2/2003
- (ii) Shri V.K. Talwar, Ex-Manager:                      Major penalty of reduction to a lower stage in the time scale of pay by two increments as on 31.7.2002.

3.20 In addition to above, minor penalty of withholding of two annual increments for two years without cumulative effect has been imposed on three delinquent officials on 28.2.2003 and major penalty proceedings against one officer are at present under progress.

3.21 Adding further, the representatives of the Ministry have stated in their post evidence reply that the vigilance cases are dealt as per the prescribed procedure and guidelines laid down by the CVC. There is a CVO appointed by the Ministry/CVC. The progress of the cases is regularly monitored by the Managing Director and the Ministry. The Statement giving the progress of the cases is also being sent to CVC, CBI and the Ministry in their prescribed formats on monthly/quarterly basis for review at their end.

### **Export /Import**

3.22 The Ministry have informed that the position of export of wheat and rice undertaken during the year 2001-02 and 2002-03 (upto February, 2003) is as follows:-

Commodity	Quantity (In Mts.)		Value (Rs. in lakhs)	
	<u>2001-02</u> (Upto Feb., 2003)	<u>2002-03</u> (Upto Feb., 2003)	<u>2001-02</u>	<u>2002-03</u>
Rice	25496	173087	1725.52	11650.95
Wheat	20990	141606	1029.66	6628.24

NCCF also exported 25332 Mts. of Onion worth Rs. 1868.53 lakhs during the year 2001-02 and 15043 Mts. Worth Rs. 920.31 lakh during the year 2002-03 (upto February, 2003) as a canalizing agency of the Government of India.

3.23 The Ministry has further informed that during the year 2003-2004 NCCF will be undertaking export /import in a big way.

3.24 Asked about details of the venture, the Ministry in a written reply, have stated that NCCF is trying to expand its export activities by following various systems of export such as (i) in association with Associate Exporters/Shippers and (ii) by making direct contact with the foreign buyers through the aegis of ICA-ROAP Regional Office in New Delhi, which has set up business office in Singapore in 1999 with a view to providing information to its member organizations for expanding their import and export activities. In the series of discussions going on with various cooperative organizations particularly in Asia and Pacific Region, it was possible to sign a Memorandum of Understanding with Sri Lanka Consumers Cooperative Federation, work on which is in progress.

2.25. The items under export are few varieties of pulses, onion, potato, spices, maida, rava, sugar, salt, hosiery, wheat, rice, tea and wheat by-products. The items for import, which are in demand but are in short supply in the country could be such as Garlic, few varieties of pulses, dry fruits and some other items required by the member organizations of the NCCF.

3.26 The NCCF would mainly undertake import on behalf of its member cooperative organizations and other cooperatives besides interested State Agencies and registered Associated Importers of the NCCF.

3.27 Adding further, the Ministry have further informed the Committee in a subsequent note that the federation has taken steps for the diversifying the goods to

be exported to improve the economic condition of the federation and that exports will increase with the increase in the number of destination countries.

**3.28 The Committee cannot but express their dismay over the reply furnished by the Ministry regarding recovery of dues amounting to Rs. 3 crore stating that these are old dues and it would be difficult to say whether during the liquidation the amount will be recovered. The Committee fail to understand as to why and how the matter was not brought to the notice of the Government earlier. Despite having admitted that audited statements of the Chartered Accountants who audit Super Bazar are fully reliable, the Government are not sure of recovering the amount during the liquidation. This is a very serious lapse on the part of the then Managing Directors and Senior Officials of the Super Bazar and the role of vested interests in this regard can also not be ruled out. The Committee, therefore, strongly recommend that a thorough investigation should be conducted in the whole affair by taking into account the role of all the Managing Directors and other concerned officers of Super Bazar since 1996. For this the matter should immediately be referred to CBI as well as Central Registrar of Cooperative Societies. Also the claims filed by the creditors should be thoroughly checked and audited before making payments to them.**

**3.29 The Committee are deeply concerned to note that though the vigilance Division of the Department of Consumer Affairs have referred 7 cases to CBI in February, 2000 in regard to irregularities committed in Super Bazar, CBI has so far replied for 4 cases only and 3 cases are still under investigation by them. The Ministry have further informed that the findings given by CBI in respect of 4 cases are still under examination. The Committee view this situation very seriously. In their view, the Ministry instead of taking immediate action against the erring officials, have rather been delaying the issue on one pretext**

or the other. The Committee, therefore, strongly recommend that the Government should accord top priority in finalizing the cases which have been referred back to them by the CBI so that the guilty officials are booked without further loss of time. Also in regard to 3 cases still pending with CBI since February, 2000, the matter should be taken up at the highest level for early finalisation of these cases.

3.30 The Committee take note of the fact that though the position of outstanding dues recoverable from sundry debtors have improved in the year 2002-2003 from that of the last year. Rs. 1395.83 lakh still remains to be recovered and part of the outstanding dues amounting to Rs. 885.75 lakh are more than 3 years old. The Committee have been informed that the NCCF has set up a separate recovery and reconciliation cell in the major branches and the Ministry is also following up the major cases of old outstanding dues at the Government to Government level. In the opinion of the Committee, unless the dues are recovered, the Federation cannot make itself financially strong. The Committee, therefore, strongly recommend that the Government should intensify their efforts to realize the outstanding dues without further loss of time. For this, the matter should be taken up at the highest level. Also efforts should be made to finalize the pending court cases in this regard at the earliest.

3.31 The Committee are deeply concerned to note the increasing trend in cases of irregularities committed by officials of NCCF, which is evident from the fact that 3 fresh cases of irregularities have been registered during the last 3 months. Also there is considerable delay in investigating the detected cases. The Committee are not happy with the situation. In the opinion of the Committee, the Government cannot be a silent spectator and should take immediate steps by issuing instructions to the investigating officers for quick

disposal of pending cases. Also steps should be taken up to have a check over the rising trend of cases of irregularities in the Federation.

3.32 The Committee are happy to note that NCCF has taken steps for diversifying the goods to be exported to improve their economic condition. In the opinion of the Committee the Federation have Consultants and exporters and they can boost their exports by properly utilizing their services. The Government should also help the Federation in getting export orders in consultation with the Ministry of External Affairs.

OFFICE OF THE LIQUIDATOR  
THE COOPERATIVE STORE LTD. (SUPER BAZAR)  
CONNAUGHT CIRCUS. NEW DELHI.

Progress Report of Liquidation proceedings for the month of September 2002 to January 2003

1. (a) The claims of all creditors and claimants ascertained under section 80(ii) of MSCS Act are being investigated by the Accounts and Finance Wing of Super Bazar. Since the Accounts of Super Bazar having a back log of about four years and could not be laid on the table of both the Houses of Parliament due to non completion of bank reconciliation and other financial statements such as balance-sheets/ profit and loss account. The entire thrust was given to complete the pending bank accounts and completion of accounts books.

Further the Accounts of 2001-02 are also in progressive stage as the various sections, departments and Regional Distribution Centres are drawing their trial balance for the said year before completion of the consolidated balance-sheet.

(b) Auditing work of the year 2001-02 is running by the Statutory Auditor and likely to be completed up to 30.4.2003. The dues amounting to Rs. 11.25 lakhs payable to Syndicate Bank, Delhi in respect of finance made for purchasing of 10 Swaraj Mazda vehicles has been retired by making an adjustment of the rent for the premises occupied by the bank. In other words liability of Syndicate Bank has been reduced.

It is informed by the Accounts Wing of Super Bazar that an amount of Rs-27,99,99,039.22 is payable to the suppliers of Super Bazar as on 31.3.2002, (copy enclosed). However the dues of suppliers are subject to the reconciliation. Efforts are being made to reconcile the dues of suppliers in respect of the claims filed under the provision of MSCS Act. Since the number of suppliers are more than 1000, the entire reconciliation of suppliers dues will be completed by the end of March, 2003.

(c) There was constant pressure of Department of Consumer Affairs for submission of pending utilization certificates for loans and grants released to Super Bazar in previous years. All the utilization certificates duly signed by the Chartered Accountant are submitted to the Department of Consumer Affairs.

2. The saleable goods of all 152 branches have been shifted on 5 branches. Damage and dead stock lying in all other branches except these 5 branches are shifted to RDCs. The assets of all branches, like chairs, tables, steel rack, counters are shifted from each branch to concerned RDCs for taking measures of liquidating these things. In addition to that, out of 12 drugs branches of Super Bazar, 8 has been vacated fully and possession of these branches will be given subject to dismissal of appeals and court cases in Delhi High Court.

3. In order to reduce the liability of suppliers the necessary instructions were issued to all the suppliers for lifting back of goods lying with Super Bazar. The following amount of goods items supplied by various suppliers to Super Bazar has been returned to concerned suppliers. Details are as under :-

S.No.	Name of Deptt.	Amount (Rs. in lakhs)
i)	Edible/Non edible. Pulses, Spices Deptt. :	18.62
ii)	Medicines & Surgical Equipment :	1.69

iii)	Stationery &O.E.	:	0.92
iv)	Ready Made Garments	:	0.19
v)	Handloom	:	1.05
vi)	Textile	:	0.32
vii)	Cycle/Tyre	:	0.44
viii)	Sports/Toys	:	0.58
ix)	Footwear	:	0.62
x)	Household	:	8.16
xi)	Paints & Hardware	:	0.13
	Total:	:	32.72

The main difficulty in returning of goods is the goods are lying in dead and Damage condition for which suppliers are not agreed to lift back the goods as their market value and the utility has been exhausted completely. The Management of Super Bazar had not initiated any action to remove the dead and damage goods of various RDCs and neither any corrective measures are taken to avoid the loss/damage of all these goods. Efforts are being made to collect the fresh, damage and dead stock of all the branches and RDCs at Connaught Place Head Office, and most of the goods has been shifted to Connaught Place Head Office to ensure their disposal either by inviting sealed tender or by open auction. Apart from the available goods at Head Office some damage goods such as crackers, palmoline oil, sweeping sugar and other raw- materials (not fit for human consumption) lying at RDCs of Super Bazar. Measures are to be taken for removal of these goods.

4. Dues list of all the employees has been completed up to 31.12.2002 and recovery orders amounting to Rs.50 lakhs has been issued after a scrutiny of personal files of all the employees by Shortage Recovery Cell. These recovery orders are not issued by any officer in Super Bazar before liquidation. Most of the stock shortage cases were pending and no action was initiated by the Management of Super Bazar on such sensitive issues. Necessary directions are issued to Establishment and Stock Recovery Cell for deducting the full amount from the salary/terminal benefits of the employees who are going out side the employment of Super Bazar.

5. Tenders were called for the disposal of 26 old motor vehicles. Automatic packing plant at Khichripur, unserviceable wooden and iron junk lying the premises of Super Bazar Head Office, Old bardanas, textile and ready made garments items.

Out of the 26 old motor vehicles, 18 motor vehicles has been disposed off at a competitive prices and an amount of Rs.36.74 lakhs (with tax) was collected and deposited in Super Bazar asset value Account. Similarly, the asset value of old bardana i.e. Rs.0.36 lakhs have also been deposited in Super Bazar account. The tenders of Automatic Packing Unit and wooden and steel junk could not be approved as the tenderers have quoted very poor rates. For the textile 'and ready made garments no party have floated their "tender to purchase the goods. The new tenders will be called for all remaining goods in Super Bazar after dismissal of appeal filed by some share holders before the Appellate Authority challenging the winding up of Super Bazar.

6. A Voluntary Separation Scheme was offered to all the employees of Super Bazar who are seeking separation from the services in the light of .separation scheme suggested by the Deptt. Of Consumer Affairs. Up to 31.10.2002, 608 employees opted VSS in first phase whose terminal benefits are being released from the funds received from the Government. As it was difficult to remove all the employees in one go, another offer for VSS was given to the employees in the



month of December, 2002. Sixty employees have further opted VSS in second phase whose dues has been calculated and to be paid after obtaining funds from the Government. In the mean time a group of employees filed a writ petition in Delhi High Court challenging the retrenchment process and the compensation awarded to the out going employees. The Delhi High Court granted stay to more than 500 employees. This issue is still pending before the Delhi High Court. An urgent application was moved in Delhi High Court requesting for vacation of stay in terms of financial condition of Super Bazar. However, Court did not accept the request of Super Bazar. On 15.1.2003 all the employees of Super Bazar who are not covered in interim stay of Delhi High Court, notice that there services are not required after 15.2.2003 due to winding up of Super Bazar and a request was made to Department of Consumer Affairs for releasing of Rs. 15 crores to Super Bazar immediately to ensure the retrenchment action on 15.2.2003. The Department of Consumer Affairs could not make available the sufficient funds up to 15.2.2003.

Therefore, the remaining employees could not be retrenched on 15.2.2003. As per the Industrial Dispute Act, the employees are entitled for their salary till the actual date of their separation. In these circumstances the Super Bazar will have to raise further loan from the Government to meet the salary liability up to the end of February, 2003 for all the employees of Super Bazar. Till date an amount of Rs. 17.68 crores was released by the Govt. to pay the terminal benefits of the employees of Super Bazar. This amount has been utilized for the said purpose. It is observed before releasing the terminal benefits to VSS employees that some stock shortage recoverable as per the Service & Conduct Rules of Super Bazar. The stock shortage recovery Cell have deducted Rs. 15,40,548.93 (stock shortage and medical advance) from the 462 employees whose terminal benefits has been released.

7. A number of undecided disputes are running in Super Bazar in various courts as per the following details :-

S.No.	Name of Court	No. of pending cases
1.	High Court of Delhi	39
2.	District Courts and other Statutory Authorities	53
3.	Labour Courts	27

The Law Officer has been advised to request the Hon'ble Courts, not to admit the New court cases as the Society has been liquidated under Section 77 of MSCS act by the Central Registrar of Cooperative Societies. It is also directed to Law Officer Super Bazar that an application under Section 105(ii) of MSCS Act can be filed in each and every case to reduce the unusual burden of the litigation. In addition some more petitions are filed by group of employees. Details is as under :-

- i) CWP No. 85/2003, Super Bazar Karamchari Dalit Sangh Vs Union of India.
- ii) CWP No. 292/03, Super Bazar Karchari Sangh Vs Central Registrar of Cooperative Societies.
- iii) CWP No. 533/03 Super Bazar Cooperative Employees Sangh Vs Appellate Authority.
- iv) CWP No. 1 133/03 Smt. Nirmal Khanna Vs Union of India.

In all above petitions the Super Bazar Unions and employees have challenging the winding up of Super Bazar and requested for not initiating the retrenchment action till the disposal of the cases.

However, in petition No. 533/03 the Delhi High Court dismiss the petition with the direction that the request may be Filed before the Appellate Authority.

A noteworthy point is the above mentioned activities of liquidation proceedings were undertaken in the first three months of winding up order. After that on 8.10.2002 appeals were filed by shareholders under section 90 of MSCS Act challenging the winding up of Super Bazar. These three appeals were disposed off in the month of December, 2002. In the meantime the Department of Agriculture & Cooperation directed the undersigned not to operate the liquidation proceedings till the finalization of the appeals. The pendency of the appeals were removed and the necessary directions were issued by the Chief Director (Cooperation) on 21.1.2003 for re- initiating the liquidation proceedings. As soon as the proceedings were re-started, the Delhi High Court directed the Appellate Authority on 27.1.2003 to consider the appeal of Super Bazar Cooperative Employees Sangh and decide the issued within 2 weeks. Legally the proceedings of liquidation have again stay up to 04.3.2003.

## Chapter – IV

### National Test House (NTH)

#### Major Head 3425

The BE and RE (2002-2003) and BE (2003-2004) are as follows :-

(In crores of Rupees)

	BE (2002-2003)	RE (2002-2003)	BE (2003-2004)
Plan	3.95	2.20	2.30
Non-Plan	10.80	10.24	10.95
Total	14.75	12.44	14.25

4.2 The National Test House (NTH) under the administrative control of the Department of Consumer Affairs is a premier scientific institution of the country. It was established way back in 1912 under the then Ministry of Railways and since then it has grown into a Laboratory of National importance in the field of testing, evaluation and quality control of various engineering materials and finished products. It is actively involved in all aspects of technology connected with industry, commerce, trade and standardization. It has played a pivotal role in the development of indigenous industry and serves as a vital link between industrial research and manufacture of finished.

4.3 The NTH at present provides Testing and Evaluation facilities in the following main disciplines:

- (i) Civil Engineering;
- (ii) Electrical and Electronic Engineering;
- (iii) Mechanical Engineering (Heavy and Light);
- (iv) Metrology and Calibration;
- (v) Non-Destructive Testing;
- (vi) Rubber, Plastic and Textiles;
- (vii) Chemical (for examination and analysis of materials, products etc. using instrumental techniques);
- (viii) Fuels, Lubricants and Paints;
- (ix) Agrochemicals (mainly fertilizers and pesticides)

## **Machinery and Equipment**

4.4 The Ministry have informed the Committee about purchase of machinery and equipment made by NTH during the year 2002-2003, value of equipment and position as on 14.03. 2003 as :-

<b><u>Sl.No..</u></b>	<b><u>Name of the equipment</u></b>	<b><u>Value(in Lakhs)</u></b>	<b><u>Remarks</u></b>
1.	Fluorescent UV-Condensation Apparatus for accelerated Weathering	Rs.6.87	Imported & commissioned. on 09.07.02
2.	Three phase power Harmonic Analyser	Rs.1.78	-do- on 19-7-02
3.	Atomic Absorption Spectrophotometer	Rs.15.60	Indigenous, Commissioned on 23-09-02
4.	Universal Testing Machine 100 ton capacity	Rs.16.51	-do- commissioned on 18-1-03
5.	Three phase Four wire Power Analyser	Rs.5.00	Imported under commissioning
6.	Atomic Absorption Spectrophotometer	Rs.18.0	Imported & under custom clearance
7.	Xenon Arc Weather-O-Meter	Rs.27.00	-do -
8.	Megohmeter/IR Tester	Rs.2.60	- do-
	<b>Total:</b>	<b>Rs.93.36</b>	

I. Purchase made by the Regional heads value of each equipments being less than Rs.1.00 Lakh **Rs.24.57 Lakh**

**Grand Total (I+II) Rs.117.93 lakh**

4.5 Asked whether there is shortfall in purchase of equipment, the Ministry have stated in a written reply that shortfall in equipment purchase is due to the following:-

1. Most of the equipments being procured for NTH are imported one as no indigenous manufacturers are available for the same. Import procedure is time consuming.
2. Single tender for high value purchase can not be finalized which forced NTH to resort to re-tendering resulting in delay.
3. Completion of formalities for import of equipment like opening of LC, pre-despatch inspection by appointment of inspection agencies abroad and related correspondences with foreign companies, insurance etc. as also formalities for customs clearance took considerable time.

Efforts are being made to constantly monitor the purchase process through advance planning so that the entire fund is utilized during the current financial year.

As regards the action taken by the Executive Committee of the NTH it may be submitted that the said committee with Secretary, Department of Consumer Affairs, as Chairman had in its last meeting held in March, 2002, reviewed the status of procurement of equipment for the year 2001-02. The Committee also noted that equipment purchase in NTH has to consume considerable time due to various procedures involved. During the current financial year, the Additional Secretary(CA) had convened three meetings in which the progress in procurement of equipment by NTH was, inter alia, reviewed

4.6 Adding further, the Ministry have stated in its post evidence reply that latest equipments are necessary for testing, specially in view of change in manufacturing process/newer products as a result of globalization of trade. NTH has been constantly upgrading its testing and calibrating facilities by procuring modern testing equipments. The reply has also stated that NTH is having a large number of sophisticated equipments and qualified scientists in various disciplines of testing/calibration technology.

### **Technical Strength**

4.7 The Ministry have informed the Committee that 114, 120 and 160 Scientists and Technicians of NTH were provided training under different technological area in the years 2000-2001, 2001-2002 and 2002-2003, respectively. Region wise details are furnished below:-

Year	NTH (ER) including Salt Lake & HQ	NTH(WR)	NTH(SR)	NTH (NR)	NTH (JPR)	NTH(NER)
2000-01	58	16	12	16	8	4
2001-02	60	15	13	17	10	5
2002-03	80	22	18	20	14	6

b) Technology wise details are furnished below:-

Technology	2000-2001	2001-2002	2002-2003
Chemical	30	32	46
Civil	16	16	21
Electrical	19	20	23
Mechanical	24	26	36
NDT	18	18	23
RPT	07	08	11
<b>TOTAL</b>	<b>114</b>	<b>120</b>	<b>160</b>

4.8 Clarifying the position, the Ministry have stated in a subsequent note furnished to the Committee that the post of NTH remained unfilled since August, 2000, due to the recommendation of the Group of Secretaries arising out the BIS-NTH merger issue. However, filling up of vacant posts in NTH was reviewed during 2002, when the Department allowed to fill up the posts in the promotion quota and also a few posts by transfer on deputation. The Screening Committee in the Department also allowed filling up of 12 group C&D posts by direct recruitment. All these posts recommended by the Screening Committee except 4 posts have already been filled up. The remaining 4 posts of Operator would be filled up on completion of pre-appointment formalities of the candidates. The proposal duly recommended by the Additional Secretary and Financial Adviser and the Secretary, Department of Consumer Affairs, has recently been referred to the Ministry of Finance for revival of the posts. After receipt of the approval of the Ministry of Finance, some posts will be filled up shortly as recommendation of candidates by UPSC are already available with NTH. The remaining vacancies will be intimated to UPSC for the recommendation of suitable candidates.

**4.9 The Committee note that National Test House (NTH) was established for the purpose of testing, evaluation and quality control of various engineering materials and finished products. The Committee have further been informed that NTH provides, inter alia, testing and evaluation facilities in non-destructive testing, rubber, plastic, textiles, fuels, lubricants and paints which are directly related to the health and safety of consumers. However, the Committee are constraint to note that shortfall has taken place in installation of machinery and equipment due to various reasons like time consuming import procedure, re-tendering of equipments and machinery customs clearance, etc. In the opinion of the Committee these are not serious issues which could have**

been simplified had the Government accorded priority in the matter. Also, the number of testing personnel deployed in the laboratories are less than the sanctioned strength. The Committee therefore, strongly recommend that the issue relating to procurement of machinery and equipment should be given top priority to enable the existing laboratories to provide accurate and reliable test results. Also, the Government Should not only fill up the vacant posts of Testing Personnel and others but also they should take steps to increase the sanctioned strength so that the Organisation becomes financially strong which in turn will benefit the Consumers. For this the matter should be taken up with the Ministry of Finance for relaxation of ban imposed on fresh recruitment. Steps taken and progress made in this regard should be intimated to the Committee at the earliest.



## CHAPTER – V

### BUREAU OF INDIAN STANDARDS (BIS)

#### Major Head – 2852

The Bureau of Indian Standards was set up as a statutory organization under the Bureau of Indian Standards Act, 1986 taking over the assets and liabilities of the Indian Standards Institution (ISI), which had started functioning in the year 1947 with Headquarter at New Delhi. It has a network of five regional offices, 19 branch offices, 5 inspection offices and 8 laboratories which act as effective link between BIS, Government, industry and consumers.

5.2 The BE and RE (2002-2003) and BE (2003 –2004) are as given below:-

(In crore of Rupees.)

	BE(2002-2003)	RE (2002-2003)	BE (2003-2004)
Plan	0.45	0.45	0.15
Non-plan	-----	-----	-----
Total	0.45	0.45	0.15

5.3 The Ministry have informed the Committee that Modernization of BIS laboratories is a continual activity and on an average an amount of Rs 30–50 lakhs per annum is spent to upgrade the facilities/infrastructure.

Some of the major facilities added in various laboratories of BIS include; Conversion of LT supply to HT supply, 125 KVA Diesel Generator set at SRO lab, 320 KVA Diesel Generator Set at Central lab to overcome power cuts by Electric Supply, Company Centre Lathe Machine, Microprocessor Controlled General Lighting Service Lamps (GLS) Life Test System, Hydraulic Power Sprayers Test Facilities, UV Visible Spectrophotometer etc. In addition to the above testing facilities some of the

testing facilities upgraded in the recent past include PVC Conduit Pipe fittings for electrical wiring, Ceiling Fans, Refined and Plantation sugar, Emitters for Drip irrigation system, etc.

It is intended to create new testing facilities and/or procure new test equipment which would include Mineral and Drinking Water test facility at Western Regional Office Laboratory, Test Equipment for pesticide residues in Drinking Water at Central Laboratory, Microprocessor controlled UV visible spectrophotometer at Central Laboratory and Eastern Regional Office Laboratory, Microprocessor controlled GLS Lamp Life Test system at Central Laboratory and Test Equipment for plywood testing at Northern Regional Office Laboratory.

5.4 Asked whether BIS Laboratories need drastic improvement, the representatives of the Ministry have stated in a written reply that in order to meet the requirements regarding determination of pesticide residues of packaged drinking water as per recent amendment in the relevant. Indian standard for bottled water, additional facilities are being created at central laboratory and Mumbai Laboratory of BIS.

#### **Testing Personnel**

5.5 The Ministry have informed the Committee that in 1999-2000, there were 175 Testing Personnel. The number of testing personnel came down to 170 in 2000-01, 156 in 2001-2002 and to 151 in 2002-2003.

5.6 When asked the reasons for reduction in the number of testing personnel over the last 4 years, the representatives of the Organisation have stated that Strength of BIS Testing personnel has come down due to retirement/ resignation/death etc. over a period of time and there have been no replenishment due to restriction imposed by Government for filling up vacant posts. However, BIS laboratories have been able to maintain output in the vicinity of 30 000 samples (target per year). This has been possible by increased efficiency and use of microprocessor controlled equipment and

diesel generator sets to overcome power cuts. In addition to samples tested in BIS laboratories, BIS is having a scheme for recognition of outside laboratories as per international norms and services of these recognized laboratories are also being utilized for testing of samples. Thus, BIS laboratories and outside laboratories recognized by BIS together are able to meet the requirements of testing samples.

5.7 Yearwise number of test reports maintained by BIS during the 4 years is as follows:-

Year	No. of testing
1999-2000	27697
2000-2001	28407
2001-2002	31636
2002-2003 (upto February, 2003)	28585

5.8 Adding further, the Ministry in their post evidence reply have stated :-

“BIS is having testing facilities for most of the products covered under its Certification Marks Scheme. Wherever test facilities are not available or existing capacity of BIS laboratories is not adequate, BIS is having a policy to recognize outside laboratories as per well laid down international guidelines. Thus, BIS laboratories and outside recognized laboratories together have been able to carry out testing of samples drawn from factory and market (including those directly affecting health of common man) under BIS Certification Marks Scheme”.

### **BIS Certified Drinking Water**

5.9 The Ministry have informed that packaged drinking water and mineral water are covered under mandatory certification scheme of BIS whereas manufacture, storage and sale without BIS licence is not permitted. With regards to the manufacture, storage and sale of the packaged drinking water and mineral water without BIS Standard Mark (popularly known as ISI Mark) action is taken by the relevant implementing authority i.e. the Health Departments of the State Government under the Prevention of Food Adulteration Act. In this context, BIS role is limited to

reporting to the implementing authority whenever cases of manufacture, storage and sale of Packaged bottled water without BIS Standard Mark come to our notice. BIS role is limited only with respect to spurious goods bearing BIS Standard Mark.

However, in case, BIS Standard Mark is used without having a valid BIS License and misuse is established, prosecution proceeding is launched in Court under BIS Act, Rules and Regulations framed thereunder.

A few cases of bottled drinking water bearing ISI Mark produced by manufacturers without a valid BIS licence were found. The details are given below:

- (a) During the year 2001-02 and 2002-03, six and four cases respectively of spurious goods were found, details of which is given in **Annexure – F&G**
- (b) The date of search and seizure/inspections has also been indicated in **Annexure- F & G.**
- (c) BIS is equipped with competent manpower for carrying out enforcement activities against the unit manufacturing spurious goods. BIS has its own testing labs and outside approved labs to check the quality of packaged bottled drinking water of units having valid BIS licence as per relevant Indian Standard at periodic intervals.
- (d) Prosecution has been launched in the court under section 11 of BIS Act, 1986 against the units. No action is called for against the officials.

5.10 Asked to comment on the presence of pesticide residues in bottled drinking and mineral water bearing ISI mark, the representatives of the Ministry have stated in their post evidence reply as:-

“The availability of pesticide residues in bottled water does not reflect the deficiency in enforcement activities of BIS. Indian Standards are formulated by technical committees consisting of experts, academicians, regulatory bodies, industry, consumer and R&D laboratories based on consensus principle and BIS representatives on the committee acts as Members Secretary/facilitator.

After the recent reports in newspapers that bottled drinking water and mineral water bearing ISI mark available in the market was found to have pesticide residues in large quantities, a seminar was held in BIS where representatives of Government bodies, scientific institutions, consumer organisations, industry representatives, etc. took part and concluded that the packaged drinking water and packaged natural mineral water as per existing Indian standards are not harmful for human consumption. However, in order to upgrade the existing standards of bottled water to the world's best standards, amendment has already been brought out in the relevant Indian Standards for bottled water in respect of pesticide residues. These amendments are already under consideration of PFA authorities for amending their notifications for mandatory certification of packaged bottled water.

In order to meet the requirements regarding determination of pesticide residues of packaged drinking water and mineral water as per recent amendment, additional facilities are being created at central laboratory and Mumbai Laboratory of BIS.

### **Irregularities**

5.11 Asked about cases of fresh irregularities, if any that has arisen during the recent time, the Ministry have furnished the following statement:-

The details of irregularities observed during the last one year (w.e.f. 1-4-2002):

<b>Sl. No.</b>	<b>Type of Irregularities</b>	<b>No. of Officials involved</b>	<b>Action taken</b>
1.	Delay in installation and under utilization of lab equipment	13	In two cases, chargesheets have already been issued to the officials and in 9 cases, matter has been referred to CVC for their advice. In remaining two cases, explanations of few more officers have been called and are under examination.
2.	Delay in taking action	1	The matter is being referred to

	against an employee		CVC for initiation of disciplinary proceedings against the official.
3.	Irregularities committed during inspection	1	Case was referred to CVC. CVC has advised to initiate disciplinary proceedings against the official.

**5.12 The Committee are deeply aggrieved over the sorry state of affairs in BIS which was established with the objective of linking Government, industry and the consumers. BIS has virtually failed to carry out its responsibility of protecting the health of consumers. Recently an agency found high concentration of pesticides in bottled drinking water and mineral water certified by BIS. This is directly related to the health of consumers. The Committee have further been informed that the actual strength of testing personnel have remained far below the sanctioned strength for the last few years. In the changing environment even the testing facilities available in the existing laboratories of BIS need to be upgraded. The Committee further note that a large number of spurious goods are being sold in the market and thereby consumers are being cheated continuously. The Committee therefore, strongly recommend that strength of Enforcement Machinery be further strengthened and vigorous efforts should be made to fill up the vacant posts of testing personnel at the earliest . For this, the matter should also be taken up with the Ministry of Finance for relaxation of ban imposed on fresh recruitments. Also the existing BIS laboratories should be modernized with the installation of the latest testing and calibration equipment's in the larger interest of the Consumers . Steps taken and progress achieved should be communicated to the Committee within 3 months.**

**NEW DELHI  
April, 2003**  


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**Chaitra, 1925 (Saka)**

**DEVENDRA PRASAD YADAV**  
**Chairman**  
**Standing Committee on Food,**  
**Civil Supplies and Public Distribution.**

**MINUTES OF THE THIRD SITTING OF THE STANDING COMMITTEE ON FOOD,  
CIVIL SUPPLIES AND PUBLIC DISTRIBUTION HELD ON TUESDAY, THE 25<sup>TH</sup>  
MARCH, 2003**

**The Committee sat from 11.30 hours to 14.15 hours.**

**Present**

Shri Devendra Prasad Yadav

- Chairman

**MEMBERS**

**LOK SABHA**

2. Shri A.P. Abdullakutty
3. Shri Rajbhar Babban
4. Shri Tara Chand Bhagora
5. Shri Dalit Ezhilmalai
6. Shri Namdeo Harbaji Diwathe
7. Shri Rameshwar Dudi
8. Shri Abdul Hamid
9. Shri Bir Singh Mahato
10. Shri Sanat Kumar Mandal
11. Shri Shyam Bihari Mishra
12. Shri Dharam Raj Singh Patel
13. Shri Vishnu Dev Sai
14. Shri Rammurti Singh Verma

**RAJYA SABHA**

15. Smt. Bimba Raikar
16. Shri Nandi Yellaiah
17. Shri Surendra Lath
18. Shri S .K. Khabiruddin Ahmed
19. Shri C. Perumal
20. Shri M.A.Kadar
21. Shri Vijay Singh Yadav
22. Shri Anil Sharma
23. Dr. (Ms.) P. Selvie Das
24. Shri Lajpat Rai

**Secretariat**

1. Dr. (Smt) P.K. Sandhu - **Joint Secretary**
2. Shri A.S. Chera - **Deputy Secretary**
3. Shri R. S. Mishra - **Under Secretary**

## Witnesses

### **Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs)**

1. Shri Wajahat Habibullah, Secretary
2. Dr. Mano Ranjan, AS&FA
3. Smt. Satwant Reddy, Additional Secretary
4. Dr. Kalyan Raipuria, Sr. Economic Advisor
5. Shri S.K. Jana, Chief Controller of Accounts
6. Shri R.P. Chandran, Deputy Economic Advisor
7. Shri Nirmal Singh, Director General (BIS)
8. Shri V.Vaidyanathan, Acting MD
9. Shri Bhagwati Prasad, GM (NCCF)
10. Shri T.C. Gautam, General Manager
11. Shri R.K. Satija, General Manager
12. Shri Anand Kumar Bhatt, Chairman FMC, Mumbai
13. Smt. Jayashree Gupta, Member (FMC)
14. Dr. Kewal Ram, Member (FMC)

2. At the outset, the Chairman welcomed the representatives of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs). The Chairman then asked the Secretary concerned to introduce his colleagues and the Secretary introduced his colleagues accordingly.

3. The Committee then discussed with the representatives of the Ministry of consumer Affairs, Food and Public Distribution (Department of Consumer Affairs) various points arising out of the List of Points on Demands for Grants (2003-2004). The queries raised by Members were resolved by the representatives of the Ministry. The evidence was concluded.

The Witnesses then withdrew.

4. A verbatim record of the sitting has been kept separately.

**The Committee then adjourned.**



**MINUTES OF THE SECOND SITTING OF THE STANDING COMMITTEE ON  
FOOD, CIVIL SUPPLIES AND PUBLIC DISTRIBUTION HELD ON FRIDAY,  
THE 4<sup>TH</sup> APRIL, 2003**

The Committee sat from 1500 hours to 1630 hours

**PRESENT**

Shri Devendra Prasad Yadav - Chairman

**MEMBERS  
LOK SABHA**

2. Shri A.P. Abdullakutty
3. Shri Dalit Ezhilmalai
4. Shri Rameshwar Dudi
5. Smt. Preneet Kaur
6. Shri Bir Singh Mahato
7. Shri Shyam Bihari Mishra
8. Shri Bajju Ban Riyan
9. Shri Rammurti Singh Verma
10. Shri Sukdeo Paswan

**RAJYA SABHA**

11. Smt. Bimba Raikar
12. Shri S.K. Khabiruddin Ahmed
13. Shri Vijay Singh Yadav
14. Dr. (Ms.) P. Selvie Das
15. Shri Lajpat Rai

**SECRETARIAT**

1. Dr. (Smt.) Paramjit Kaur Sandhu - Joint Secretary
2. Shri A.S. Chera Deputy Secretary
3. Shri R.S. Mishra Under Secretary

(i) Consideration and adoption of Draft Twenty-First Report.

2.                                   \*\*\*                                   \*\*\*\*                                   \*\*\*

(ii) Consideration and adoption of Draft Twenty-Second Report.

3. The Committee, then, considered and adopted the Draft Twenty-Second Report on Demands for Grants (2003-2004) relating to the Department of Consumer Affairs, Ministry of Consumer Affairs, Food and Public Distribution without any amendment.

4. The Committee, thereafter, authorized the Chairman to make consequential changes arising out of the factual verification of the Reports by the Departments of Consumer Affairs and Food and Public Distribution of the Ministry and present/lay the same in both the Houses of Parliament.

**The Committee, then, adjourned.**