

**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)**

***[Action Taken Report on Twenty Second Report of the Committee on
Demands for Grants (2003-2004) of the Ministry of Consumer Affairs, Food
and Public Distribution (Department of Consumer Affairs)]***

TWENTY THIRD REPORT



Presented to Lok Sabha on 18.12.2003
Laid in Rajya Sabha on 18.12.2003

**LOK SABHA SECRETARIAT
NEW DELHI
November, 2003 Kartika 1925 (Saka)**

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**COMPOSITON 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 Sanbkar
29. \$\$\$Shri Alkash Das
30. Vacant

RAJYA SABHA

31. Smt. Bimba Raikar
32. Shri Nandi Yellaiah
33. Shri Surendra Lath
34. Shri S.K. 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. \$\$\$Dr. (Ms.) P Selvie Das
42. Shri Anil Sharma

43. Shri N.K. Premachandran
44. ***Shri Lajpat Rai
45. @Shri Harendra Singh Malik

SECRETARIAT

- | | | |
|----|---------------------------------|-------------------|
| 1. | Dr. (Smt.) Paramjit Kaur Sandhu | Joint Secretary |
| 2. | Shri Krishan Lal | Director |
| 3. | Shri R.S. Mishra | Deputy Secretary |
| 4. | Shri R.K. Bhatnagar | Committee Officer |

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

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

***Nominated to the Committee w.e.f 2nd January, 2003 (vide RS Bulletin Part – II. No. 40357 dated 3.1.2003) and ceased to be a member of the Committee w.e.f 17th August, 2003 (vide Rajya Sabha Bulletin Part – II No. 40891 dated 17.8.2003).

\$ Nominated to the Committee w.e.f. 7th April, 2003 (vide LS Bulletin Part - II No. 3760 dated 7.4.2003.)

\$\$ Nominated to the Committee w.e.f 19th August, 2003, 2003 (Vide LS Bulletin Part – II No. 4101 dated 19.8.2003)

\$\$\$ Ceased to be a member of the Committee w.e.f 26th August, 2003 consequent upon the retirement of Rajya Sabha Member.

@ Nominated to the Committee w.e.f 17th August, 2003 (Vide LS Bulletin Part – II, No. 4115 dated 21.8.2003)

INTRODUCTION

I, the Chairman of the Standing Committee on Food, Civil Supplies and Public Distribution (2003) having been authorized by the Committee to submit the Report on their behalf, present this Twenty third Report on Action Taken by the Government on the recommendations/observations contained in the Twenty Second Report of the Committee (Thirteenth Lok Sabha) on “Demand for Grants” (2003-2004) of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs).

2. The Twenty Second Report was presented to Lok Sabha on 10th April, 2003. The Government furnished their replies indicating Action Taken on the recommendations contained in the Report on 31st July, 2003. The Draft Action Taken Report was considered and adopted by the Standing Committee on Food, Civil Supplies and Public Distribution (2003) at their sitting held on 17th September, 2003.

3. An analysis of the action taken by the Government on the recommendations contained in the Twenty Second Report of the Standing Committee (Thirteenth Lok Sabha) on “Demand for Grants” (2003-2004) is given in Appendix – II.

NEW DELHI
3 October, 2003
11 Asvina, 1925 (Saka)

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

CHAPTER-I

REPORT

1.1 This Report of the Standing Committee on Food, Civil Supplies and Public Distribution deal with the Action Taken by the Government on the recommendations contained in the Twenty Second Report (Thirteenth Lok Sabha) on Demands for Grants (2003-2004).

1.2 The Report was presented to Lok Sabha and laid on the Table of Rajya Sabha on the 10th April, 2003. It contained 10 recommendations/observations.

1.3 Action Taken Notes in respect of all the 10 observations / recommendations contained in the Report have been received and categorised as follows:-

- (i) Recommendations/Observations which have been accepted by the Government;

Para Nos. 1.13, 2.24, 3.31 and 3.32 (Chapter-II, Total- 4)

- (ii) Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies:

Para Nos. Nil.

(Chapter-III, Total- Nil)

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

Para Nos. 2.23, 3.28 and 5.12

(Chapter-IV, Total - 3)

- (iv) Recommendations/Observations in respect of which replies of the Government are still awaited:

Para Nos. 3.29, 3.30 and 4.9

(Chapter V, Total - 3)

1.4 The Committee desire that the final replies in respect of the recommendations for which only interim replies have been given by the Government should be furnished to the Committee expeditiously.

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

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

Consumer Courts and For a Recommendation (Para No. 2.23)

1.7 Taking serious note of the Government's apathy over the issues of non-functional District Fora and maintenance of data of cases disposed of within stipulated time, the Committee had recommended that non-functional District Fora be made functional by filling up the vacant posts, Presidents of State Commissions and District Fora be declared as Heads of Departments and Heads of offices respectively and that data of cases disposed of within stipulated time should be maintained.

1.8. The Ministry, in their Action Taken Reply, have stated that the concerns expressed by the Standing Committee have been brought to the notice of the State Governments/UT Administrations at the level of Chief Ministers by the Minister of Consumer Affairs, Food and Public Distribution through his letter dated 30th July, 2003 for appropriate remedial action. Review meetings in this regard have been held in the conference of the Presidents of National Commission, State Commissions and Secretaries in-charge of Consumer Affairs held in New Delhi from 15 to 16 March, 2003 and also the 22nd and 23rd Meetings of Central Consumer Protection Council (CCPC) held on 24th March, 2003 and 16th July, 2003 respectively in New Delhi. Besides senior officers of the Department and the President, National Commission made visits and interacted with State Governments in this connection. Many State Governments have already declared the Presidents of the State Commissions and of the District Fora as Heads of the Departments and Heads of the Offices respectively. Besides, the Consumer Protection (Amendment) Act, 2002 is expected to reduce the number of non-functional Consumer Fora and also facilitate uninterrupted functioning of the Consumer Fora. The reply has also stated that the Central Government have sanctioned a post of Joint Registrar alongwith five supporting staff for National Commission and that the system of collecting data including data of cases disposed of within stipulated time would be in place in the near future. The Ministry have also informed that though their efforts at getting funds

for computerization of Consumer Fora during the 10th plan could not get through, they have once again taken up the matter with Planning Commission through a letter from the Secretary, Consumer Affairs dated 22.7.2003. Thus all possible steps for effective functioning of Consumer Fora have been taken.

1.9 The Committee are not satisfied with the reply of the Government that all possible steps for effective functioning of Consumer Fora have been taken. Though the Committee had recommended for making non-functional District Fora functional by filling up the vacant posts of Presidents/Members at the earliest, the Ministry have not made any substantial progress in this regard so far. Further, the recommendation of the Committee for maintaining data of cases disposed of within stipulated time has been treated by the Government casually and they have not specified any date, in their reply by which they would start maintaining such data is indicative of lack of interest of the Government towards the consumers. The Committee, therefore, while reiterating their earlier recommendation, strongly urge the Government to ensure that the newly enacted Consumer Protection (Amendment) Act, 2002 is effectively implemented in all the States and UT Administrations so that all District Fora are made functional without further loss of time. Regarding data of cases disposed of within stipulated time, the Government and the National Commission must start maintaining the same without further delay. Immediate steps should be taken to fill up the newly created post of Joint Registrar and supporting staff in this regard. At the same time computerization of District Fora in the country should be vigorously pursued. For this, the Central Government must take up the matter expeditiously with the State Governments and the Planning Commission. Steps taken and progress made in this regard should be intimated to the Committee with facts and figures within three months time.

Super Bazar

(Recommendation Para No. 3.28)

1.10 Expressing concern over the scepticism of the Ministry about being able to recover dues amounting to Rs. 3 crores during the process of liquidation of the Super Bazar, New Delhi the Committee had recommended that a thorough investigation should be conducted in the whole affairs by taking into account the role of all the Managing Directors and others concerned since 1996 and that claims filed by the creditors should be thoroughly checked and audited before making payments to them.

1.11 The Ministry have stated in their Action Taken Reply that the Liquidator of Super Bazar had been directed by them to initiate recovery of dues from the various parties and to report the matter accordingly. Simultaneously letters were addressed to the debtor parties with a request to repay the dues of Super Bazar, Delhi. In reply, the debtor Government Departments as well as other cooperative institutions have either stated that they have no outstanding dues to be paid or

have sought additional information like voucher, bill no., item of goods against which supply was made to them. On the other hand the Liquidator, Super Bazar, reported that the organization being under liquidation process, such records are not easily traceable. The reply has further stated that the relevant case files containing the affairs of malpractices, investigation report, enquiry report of Central Registrar and other appellate authorities were referred to Vigilance Section of the Department of Consumer Affairs for being referred to Central Bureau of Investigation (CBI) for further investigation.

1.12 The Committee are completely dissatisfied with the reply of the Ministry, because despite the recommendation of the Committee that a thorough investigation be conducted in the whole affairs of Super Bazar in connection with the dubious position of outstanding dues amounting to Rs. 3 Crore, the Ministry have not made any substantial achievement in this regard. Neither the Government have been able to obtain important documents desired by debtor parties, nor they have made any statement as to when such records would be made available. Regarding vigilance cases, while saying that the relevant files and other reports are with them, the Government have not stated as to when the same would be referred to CBI for further investigation. The Committee therefore, while reiterating their earlier recommendation, strongly urge the Government to take immediate steps to obtain all documents in respect of supplies made by Super Bazar to the debtor parties. All efforts must be made immediately to trace the relevant documents pertaining to the outstanding dues expeditiously. Further, it must be ensured that documents and records are not damaged or lost so that dues could be thoroughly checked and audited before settling the accounts. As regards the case files containing the affairs of malpractices, investigation reports, inquiry report of Central Registrar of Cooperative Societies (CRCS) and other appellate authorities, these should be referred to CBI alongwith specific allegations, if any, against those held responsible in the investigation/inquiry reports without further delay. The Committee also desire that in future replies from the Government should be accompanied with facts and figures. Steps taken and progress made in this regard should be intimated to the Committee within 3 months time.

Bureau of Indian Standards (BIS)

(Recommendation Para No. 5.12)

1.13 Expressing concern over the sorry state of affairs in BIS and also referring to the recent media reports about presence of pesticides in bottled water certified by BIS, the Committee had recommended that enforcement machinery be further strengthened and vigorous efforts be made to fill up vacant posts of testing personnel at the earliest. They had also recommended that the existing BIS laboratories should be modernized.

1.14 The Ministry, in their Action Taken Reply, have stated that all Rules and Regulations related to the protection of health and safety of common man falls under the purview of the Prevention of Food Adulteration Act (PFA) (1954) and Rules (1955) administered by the Ministry of Health and Family Welfare. According to BIS Rules, Division Councils and Technical Committees are appointed for standards formulation in respective areas. The two Indian Standards for bottled water viz., IS 14543 and IS 13428 were brought under compulsory certification of BIS in March 2001. In this connection, the Technical Committee, in its meeting held on 7 and 8 February, 2003 decided that the norms for pesticide residues might be aligned with the best in the world which would be implemented as and when Ministry of Health and Family Welfare issues the Gazette Notification. However a seminar convened by BIS on 13.02.2003 affirmed that the existing Indian Standards on bottled water are fit for human consumption. Also, the Inquiry Committee set up by the Department of Consumer Affairs concluded that the existing standards were quite adequate. The reply has further stated that Enforcement Department of BIS had been further strengthened with augmentation of additional officers and staff and that further augmentation would be possible with the exemption of existing restriction on direct recruitment. Also, the issue of shortage of testing personnel in BIS is being taken up with the Department of Personnel and Training seeking exemption from restriction imposed on direct recruitment. As regards modernization of BIS Laboratories, the Ministry have informed that during the year 2002-2003, an amount of Rs. 62 lakh was spent in procuring capital equipments and that a higher expenditure is likely to be incurred during the current year 2003-2004.

1.15 The Committee are strongly dissatisfied with the reply of the Government with regard to the shortage of the testing personnel in BIS which is still continuing. They deplore that the matter was taken up with the Department of Personnel and Training only recently and that too at the instance of the Committee. The details about the number of personnel, which are short, have still not been mentioned in the reply. In view of the serious reports, which have appeared in the media highlighting the dangerous levels of pesticides present in soft drinks, the Committee are of the confirmed view that it is the primary duty of the Government to safeguard the health of the consumers. It is, therefore, imperative that the standards of machinery and equipments in the BIS owned as well as outside recognized laboratories should be upgraded at par with the International standards. The Committee, therefore, while reiterating their earlier recommendations strongly urge the Government to take immediate steps for inducting efficient testing personnel without further delay. Existing standards particularly of bottled water need to be upgraded to international standards at earliest. Besides, new standards and sensitive test methods with regard to other consumer items like soft drinks, milk products and other processed food items need to be evolved in large interest of the Consumers. Regarding enforcement activity, the frequency, secrecy and choice of premises in collecting samples of different items to be tested should invariably be improved so that the test results really

reflect the quality of goods offered by traders to a wide spectrum of consumers. Steps taken and achievements made thereof should be informed to the Committee within three month time.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Para No. 1.13)

In this para 1.13 the committee has observed that they are not satisfied with the overall performance of the ministry in regard to percentage expenditure over Budget Estimates both Plan and Non-Plan Schemes. The percentage expenditure during the year 2002-2003 in Plan and Non-Plan schemes stood at 54.83 and 92.73 respectively which is not upto the mark even with reference to RE 2002-2003 the funds allocated for Consumer Protection and Weights and Measures were far from being fully utilized. This shows that the Monitoring Committee set in up the Ministry has not been able to deliver any good in the running of the scheme. Further, funds allocated under the Major Head 3451 have been diverted to Major Head 3456 for petty matters, such as to meet committed expenditure, to fulfil statutory requirements of officers, to meet domestic travel expenses of personal staff of Minister etc. which clearly display poor monitoring. The Committee has further observed that the reasons put forth by the Ministry in regard to delay in construction project such as RRSL, Guwahati and NTH Salt Lake Complex, Kolkata resulting cost escalating on these projects are not convincing at all. The Committee is of the opinion that the monitoring of the Ministry over its various schemes and also its co-ordination with the State Governments and other concerned Ministry have not been upto the mark. The Committee has, therefore, recommended 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 cost escalation. The Committee has further urged the Ministry to take necessary steps in Co-ordination with the State Governments to ensure that the funds allocated in various projects at the Budget Estimates stage are utilized fully in an even manner. Steps taken and progress achieved in this regard are to be communicated to the Committee within 3 months time.

REPLY OF THE GOVERNMENT

- (i) The Director (LM) has been advised vide OM No.G-20011/1/2002-B&F dated 04.06.03 (copy enclosed) to monitor physical progress of constructions of building of the Regional Reference Standard Laboratory, Guwahati and Submit A monthly report to P&C-Section. He has also been advised to furnish monthly expenditure statement in respect of RRSL, Guwahati.

- (ii) The Deputy Secretary, National Test House has been advised vide OM of even number dated 04.06.03 to monitor the progress of construction of NTH Salt Lake Complex and ensure that the work relating to construction of Accoustic Lab, Auditorium and boundary wall are completed during the current financial year. He has also been advised to submit a monthly report on the progress of construction work as well expenditure incurred on the construction work.
- (iii) The mechanism of expenditure control has been strengthened by providing that the Expenditure Review Committee shall meet once every month under the chairmanship of the Additional Secretary and once every quarter under the Chairmanship of Secretary (CA). As per the directive issued by the Secretary (Expenditure) all officers have been informed that not more than 33% of their plan allocations shall be released in the last quarter of the financial year and as such they should evenly spread their expenditure.

(Ministry of Consumer Affairs, Food & Public Distribution
O.M. No.G-11027/1/2003-P&C Dated: 31st July, 2003)

Recommendation (Para No. 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 within 3 months time.

REPLY OF THE GOVERNMENT

Given the current level of socio-economic scenario in the country and the infancy of the consumer movement, there is a dire need to spread consumer

awareness in educating about the rights and responsibilities through concerted publicity programmes to strengthen the consumer movement. The subject matter consumer protection is very vast covering every facet of life affecting everyone, whether rich or poor. Therefore, it has now been a recognised fact that the key to the success of consumer movement in the country is the level of consumer awareness generated to educate consumers, particularly, those in rural areas, of their rights and responsibilities and also on welfare measures undertaken by the Government to enable them to take fullest advantage. Even though wide range consumer protection machinery is in place in India, it is not adequately equipped and the level of consumer awareness is low with the average consumer exploited easily by the manufacturer, trader and service provider.

2. The Department of Consumer Affairs being the nodal Department for consumer protection bears responsibility for strengthening consumer movement in the country in addition to strengthening the consumer protection machinery and consumer dispute redressal agencies. Educating more than hundred crore people of various categories on subject matter of consumer interest which are being dealt with by a diversity of Ministries and Departments is a task that cannot be undertaken as a sustained national programme with an average annual budget of Rs.3.10 crores which is totally inadequate to undertake any meaningful consumer protection activities and wide ranging publicity programmes. Besides this, the Planning Commission itself drawn a priority agenda of action for the year 2003-2004 consequent upon the last National Development Council (NDC) meeting in which the Department of Consumer Affairs has asked to 'evolve a national action plan on consumer awareness and redressal and enforcement of Consumer Protection Act, 1986'.

3. In view of the position explained above, it may be appreciated that educating the consumers of the entire country with its varied categories of population, particularly those in rural areas where consumers are more susceptible to exploitation is a gigantic task which cannot be tackled unless the Department is allocated with a substantial budget in the remaining 10th Plan and also in the revised estimates of 2003-2004 for undertaking meaningful consumer protection activities, strengthening consumer protection machinery and publicity programmes. No publicity programmes can be launched free of cost. However, within the budget available, multi-media publicity programmes are being undertaken to reach the people particularly in rural areas, including observance of National Consumer Day and World Consumer Rights Day involving all concerned. For example, running of a 15 minutes weekly AIR programme 'Jago Grahak Jago' through DAVP in all primary and Vividh Bharati channels covering 22 languages for which the production and broadcast charges itself comes to nearly Rs.2 crores. In view of the strong recommendation made by the Standing Committee, the Department of Consumer Affairs has already taken up the matter with Planning Commission after a series of discussions followed through a comprehensive letter of Secretary (CA) on 22.7.2003 for allocating a substantial budget to formulate/workable schemes and fix targets for generating and strengthening consumer awareness nationa wide.

4. As regards recovery of money sanctioned to fake NGOs/VCOs from Consumer Welfare Fund (CWF), it may be stated here that the evaluation of NGOs/VCOs granted money so far is being done in a phased manner through the Consumer Coordination Council, Mayur Vihar, New Delhi and the institutions/organizations recommended by Economic Adviser, Department of Rural Development grant sanctioned to one NGO in Rajasthan is being recovered on the basis of evaluation report furnished by the Consumer Coordination Council.

5. Further, in order to simplify the procedure for grants, this Department has started with the practice of seeking recommendations directly from the District Magistrate/District Collector instead of the State Government as was done earlier, in order to avoid delays.

(Ministry of Consumer Affairs, Food & Public Distribution
O.M. No.G-11027/1/2003-P&C Dated: 31st July, 2003)

Recommendation (Para No. 3.31)

The Committee is 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 is 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.

REPLY OF THE GOVERNMENT

The NCCF is an autonomous Consumer Cooperative Organisation at National level. It has its own Board of Directors (BOD) to decide about its business and other administrative matters. The NCCF has a full fledged Vigilance Wing functioning under a Chief Vigilance Officer (CVO). The CVO is a Govt. nominee selected in consultation with the CVC. The CVO, NCCF carries out his investigations in accordance with the guidelines laid down in the vigilance manual of the CVC. As a Cooperative Organization, all the vigilance matters have to be decided by the Executive Committee of the NCCF and their BOD as per the approved bye-laws and the Service Conduct Rules of the NCCF.

All the vigilance cases of the NCCF are regularly monitored by the Managing Director and the Ministry. The NCCF also submits periodical returns indicating the progress of the cases to the CVC, CBI and the Ministry in their prescribed formats on monthly/quarterly basis for being reviewed at their end. The latest status of all the pending cases and the cases closed after observing all the formalities are given in the Annexure.

Annexure

As referred to in (Sl. No.II Paragraph 3.31)

Latest Position of the Vigilance Cases in NCCF are as under:

Cases that have been registered during the last 3 months:

S.No	Brief description of the case	Officers involved	Position reported earlier	Position as on date
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.	Matter taken up by Disciplinary Authority/Executive Committee. Penalty of "Censure" imposed. Case closed.
2.	Irregularities in supply of textiles by NCCF Delhi Branch.	Shri V.K. Kohli, DM	The case is under investigation.	Investigation completed & report has been submitted to the Disciplinary Authority for further action.
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.	Investigation so far conducted reveals contradictory statements by the complainant. Matter has been referred back to him to substantiate his stand.

Rest of the cases:

S.No	Detail of cases	Name of persons involved	Stage of Action	Position as on date
1	2	3	4	5
1.	Irregularities in supply of cleaning material to AIIMS by NCCF Delhi Branch.	Shri 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.	Oral inquiry for the Major Penalty Proceedings is in progress. Three hearings have since been conducted by the Inquiry Officer.
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.	Major penalty charge sheets to all the four officers have been issued on receipt of 1st stage advice from CVC.
3.	Sale of Sun-flower oil by NCCF Bangalore to HAL at higher rates.	Shri M.C. Nair, AM Shri R. Shivanandham, FO	Case is under final stage of investigation.	Minor penalty charge sheets to two Officers have been issued.
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.	Inquiry report received has been scrutinized and placed before the Disciplinary Authority for their tentative views, which will be referred to the CVC for IInd stage advice.
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 nd 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	The IInd stage advice of CVC as also the comments of Shri B.D. Baruah, DM, have been scrutinized and would be placed before the Disciplinary Authority/ Executive Committee for imposition of punishment which is likely to meet shortly.

S.No	Detail of cases	Name of persons involved	Stage of Action	Position as on date
1	2	3	4	5
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.	Inquiry report has been received which is being placed before the Executive Committee being the disciplinary authority for a decision.
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.	Inquiry report has been received which is being placed before the Executive Committee being the disciplinary authority for a decision
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 the CVC. Matter will be placed before the Board to take further view on the CVC advice.	NCCF Board in its meeting held on 16-4-03 considered the case and decided to communicate displeasure of NCCF to Shri Adhikari and release his VRS dues. Displeasure communicated to Shri Adhikari as also the VRS dues settled. Case is closed.
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.	The case has been closed with the following actions: - Imposition of penalty of Re. 1 lac on the concerned supplier and suspension of business for 6months. - Warning issued to the concerned official.
10.	Export of 2200MTs. of Rice by NCCF Delhi Branch.	Shri D.K. Tyagi, Manager Shri R.C. Puri, DM Shri V.K. Kohli, DM Shri Prithi Singh, AM Shri 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.	Investigation report alongwith the recommendation of the Disciplinary Authority has been referred to CVC for 1st stage advice on 7-4-03.
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.	Matter taken up by Disciplinary Authority/Executive Committee. Penalty of "Censure" imposed. Case closed.
12.	Irregularities in supply of textiles by NCCF Delhi Branch.	Shri V.K. Kohli, DM	The case registered in December,2002 is under investigation.	Investigation Report has already been submitted to Disciplinary Authority for further action
13.	Irregularities in business	Shri M.A. Khan, DM	The case registered in	Investigations so far conducted

S.No	Detail of cases	Name of persons involved	Stage of Action	Position as on date
1	2	3	4	5
	transactions and supply of goods to J&K Govt. by NCCF Srinagar.	Shri G.R. Sheikh, AM	December,2002 is under investigation.	reveal contradictory statements by the complainant. Matter has been referred back to him to substantiate his stand.

Ministry of Consumer Affairs, Food & Public Distribution

O.M. No.G-11027/1/2003-P&C
Dated: 31st July, 2003

Recommendation (Para No. 3.32)

The Committee is 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 has 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.

REPLY OF THE GOVERNMENT

As mentioned in reply to paragraph no. 3.30, the Govt. of India has already suggested to the NCCF to diversify its activities taking into consideration the changing business and economic scenario in the country. The NCCF was requested to prepare a Business Programme for the year 2003-2004 laying more emphasis on the business of all other commodities instead of depending on Govt. sponsored business. There is a considerable increase in the export business of the NCCF during the year 2002-2003 which has resulted in achieving higher sales level for the NCCF during the year with increased profits.

The NCCF has informed that various steps have been initiated for expanding the import & export activities. The Board of Directors of the NCCF has decided to open a liaison office in Dhaka (Bangladesh) and in other SARC countries i.e. Sri Lanka and Nepal. The NCCF is making in-depth study of more agro-commodities, which has vast potential for export with a view to identifying them for import & export. The Regional Office of the International Cooperative Alliance for South East Asia with headquarters at New Delhi has agreed to provide their expertise and knowledge for making direct contacts with agencies of the foreign countries, which are undertaking import & export. The Government is also providing necessary supports in the import & export activities of the NCCF within the framework of Import & Export Policy announced from time to time.

Ministry of Consumer Affairs, Food & Public Distribution

O.M. No.G-11027/1/2003-P&C

Dated: 31st July, 2003

CHAPTER III

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

-----NIL-----

CHAPTER IV

Recommendations/observations in respect of which replies of the Government have not been accepted by the Committee.

Recommendation Para No. 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 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 yet. The Committee, therefore, strongly recommend that the Government should more vigorously persuade 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 stationery, 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.

REPLY OF THE GOVERNMENT

It may be stated here that establishment of consumer forums at State level and providing all the necessary infrastructure including the manpower and to ensure its effective and continuous functioning is the responsibility of State Governments/U.T. Administrations. The Department of Consumer Affairs has been taking up with the State Governments/U.T. Administrations from time to time in different fora requesting them to ensure that the consumer forums at State level functions uninterruptedly and effectively in the larger interest of consumers. More particularly, the concerns expressed by the Standing Committee in the past have also been specifically brought to the notice of the State/U.T. Administrations for their appropriate action. Similarly, all the concerns expressed by the Committee in this report too have been brought to the

notice of the State Governments/U.T. Administrations at the level of Chief Ministers by the Minister for Consumer Affairs, Food and Public Distribution through his letter dated 30th July, 2003 for appropriate remedial action.

2. It may be stated in this connection that the review of the functioning of the consumer forums was taken up in the Conference of the Presidents of National Commission, State Commissions and Secretaries in-charge of Consumer Affairs held in New Delhi on 15-16th March, 2003. Similarly, the functioning of the consumer forums was also reviewed in the 22nd and 23rd Meetings of Central Consumer Protection Council (CCPC) held on 24th March, 2003 and 16th July, 2003 respectively in New Delhi. Besides this, the officers at the level of Secretary, Additional Secretary and Joint Secretary also been visiting periodically different State Governments to persuade them as well as to impress upon them to improve the functioning of consumer forums and to mutually understand the problem areas for taking remedial action. The President of the National Commission also has been visiting the consumer forums at State levels and also interacting with State Governments to monitor the working of the consumer forums for their effective functioning.

3. It may be appreciated that in spite of best efforts of Central/State Governments (out of 571 district forums and 35 State Commissions), certain consumer forums (about 5%) remains non-functional temporarily at different places at any point of time due to casual vacancies caused by retirement, resignation, death, illness etc. of the Presidents/Members. Therefore, the non-functional consumer forums at certain point of time is only transitional in nature. With a view to make immediate appointments in the event of vacancies arising due to any reason, the Central Government has been impressing upon the State Governments/U.T. Administrations to maintain a ready panel of Members. To further overcome the problem of non-functional consumer forums and to ensure its continued function, the Consumer Protection Act, 1986 has been amended through the Consumer Protection (Amendment) Act, 2002 empowering the senior most Member to preside over the forum in the absence of President for any reasons. Further, a provision has also been made in the Amendment Act that when the President of the State Commission is absent for any reason, the State Government in consultation with the Chief Justice of High Court may get nomination of a sitting Judge of the High Court to act as Chairman of the Selection Committee for recommending Members of State Commissions as well as the President and Members of the District Forums. This provision will facilitate continuous functioning of Selection Committee for recommending appointment of Members. All these important measures taken are expected to reduce the number of non functional consumer forums and also facilitate uninterrupted functioning of the consumer forums.

4. In so far as the recommendation made by the Committee for declaring the Presidents of the State Commission and of the District Forums as Heads of the Department and Heads of the Office respectively and for delegating the administrative and financial powers to them so that the functioning of these forums are not hampered for petty matters such as purchase of office stationery, furniture, etc. is concerned, it may be stated here that the Central Government as well as the National Commission have been taking up this issue with the State Governments/U.T. Administrations in different fora and these issues were also raised in the meetings of the Presidents of the National Commission, State

Commissions and Secretaries in charge of Consumer Affairs as well as in the CCPC meetings. The concerns of the Committee expressed in this report was specifically brought to the notice of the State Governments/U.T. Administrations in the last CCPC meeting held on 16th July, 2003. It may be further stated here that many State Governments have already declared the President of the State Commissions and of the District Forums as Heads of the Department and Heads of the Office respectively and the consideration of this issue of declaring them as Head of the Department/Office are in different stages in other States.

5. In regard to maintaining of data in respect of cases disposed within the stipulated time by the National Commission is concerned, it may be stated here that as per the provisions of section 24B of the Consumer Protection Act, 1986 the National Commission has the administrative control over State Commissions in calling for the periodical returns regarding institution, disposal, pending of cases etc. including the cases disposed of within time limit. The Department of Consumer Affairs had been bringing to the notice of the National Commission in regard to maintenance of various data including the cases disposed of within time limit and also the concern of the Standing Committee expressed in this regard. It is submitted here that the Central Government has sanctioned a post of Joint Registrar along with five supporting staff for the National Commission specifically for facilitating them to exercise administrative control under section 24B of the Act which include to maintenance of various kinds of data. Besides this, the Central Government has already provided budgetary support for the National Commission to computerize their functioning. The Commission has already initiated the process for collecting and maintaining the required data. The Commission has also opened a website (www.ncdrc.nic.in) and presently the information on daily case list, important orders etc. can be accessed from the site. In view of this, it is expected that in the near future, the system of collecting data including the data of cases disposed of within the stipulated time will be in place.

6. As regards computerization of consumer forums are concerned, the matter was already taken up by the Central Government with the States and U.Ts. as well as with the National Commission. The efforts of the Department to get funds for computerization during the 10th plan period could not get through. In view of the financial constraints being faced by the States/U.Ts., the Department of Consumer Affairs once again taken up the matter with Planning Commission at the level of Secretary (Consumer Affairs) (through his letter dated 22.7.2003) after having a series of discussions with them, in view of the strong recommendations by the Standing Committee in this report for providing funds for the purpose of computerization of consumer forums in the country after asserting the estimates from the National Informatic Centre (NIC).

7. In view of the foregoing, it may be appreciated that the Department of Consumer Affairs has been taking all possible steps for effective functioning of the consumer forums including compliance of the recommendations of the Standing Committee.

Ministry of Consumer Affairs, Food & Public Distribution

O.M. No.G-11027/1/2003-P&C **Dated: 31st July, 2003**

Comments of the Committee

(Please see Para No. 1.09 of the Chapter I of the Report)

Recommendation (ParaNo. 3.28)

The Committee cannot but express their dismay over the reply furnished by the Ministry regarding recovery of dues amounting to Rs.3 crores stating that these are old dues and it would be difficult to say whether during these 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 Director 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 affairs 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.

REPLY OF THE GOVERNMENT

This Department had directed the Liquidator of the Super Bazar to initiate necessary action to recover dues amounting Rs. 3 crores from the Government Departments and other cooperative institutions and report the matter accordingly. Simultaneously, at Department level letters were addressed to all the Government Departments and cooperative institutions with the request to repay the dues to the Super Bazar, Delhi as it runs in acute financial crisis even at the time of liquidation stage.

2. In response to this Department's request letters, the debtor Govt. Departments as well as other cooperative institutions have stated that either they have no outstanding dues to be repaid to the Super Bazar, Delhi or have sought additional information like the voucher/bill no., item of goods against which the supply was made to them. On this basis, Department directed the Liquidator of Super Bazar (who is also officiating as Director (Coop.)) to furnish the Department necessary details/informations called for by this debtors. The Liquidator, Super Bazar reported that the organization is under liquidation process and hold a records are not easily traceable. Hence it is difficult to furnish - the copy of details like the goods supplied to them; bill nos., copy of vouchers/indents etc. to the concerned Departments for enabling them to make outstanding dues to the Super Bazar. However the Liquidator has again requested to make efforts to reconcile the actual dues of Super Bazar before completing the liquidation proceedings.

3. As observed by the Committee regarding action to investigate the whole affairs by taking into account the role of all Managing Directors and all other concerned of Super Bazar since 1996, the relevant case files containing the affairs of malpractices, investigation reports, enquiry report of Central Registrar

and other appellate authorities are referred to Vigilance Section of this Department to refer the matter to CBI for further investigation.

Ministry of Consumer Affairs, Food & Public Distribution

O.M. No.G-11027/1/2003-P&C

Dated: 31st July, 2003

Comments of the Committee

(Please see Para No.1.12 of the Chapter I of the Report)

Recommendation (Para No. 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 equipments in the larger interest of the Consumers. Steps taken and progress achieved should be communicated to the Committee within 3 months.

REPLY OF THE GOVERNMENT

BIS, as the National Standards Body is empowered to formulate standards under the BIS Act 1986 and Rules 1987, however, no standards should contravene provisions of other Acts administered by other Ministries and Departments of the Central Government. All Rules and Regulations related to the protection of health and safety of common man falls under the purview of Prevention of Food Adulteration Act (PFA) (1954) and Rules (1955) administered by the Ministry of Health & Family Welfare. Indian Standards related to food products, thus, have to necessarily follow the law of the land i.e. the Prevention of Food Adulteration Act and Rules framed thereunder. According to BIS Rules, Division Council and Technical Committees are appointed for standards formulation in respective areas. The technical committee consists of experts, academia, regulatory bodies, industry, consumers, R&D Laboratories, etc. BIS representatives on the committees act as Member Secretary/facilitators. Indian Standards for bottled water are IS 14543 for packaged drinking water and IS 13428 for Packaged natural mineral water. They were published in 1998 and were voluntary standards. These standards were brought under Compulsory Certification of BIS in March 2001 after they were considered by the Central Committee for Food Standards of the Ministry of Health & Family Welfare for inclusion in PFA Rules and made mandatory in the country for industries to manufacture, sell or exhibit for sale packaged bottled water. At that stage these standards were completely aligned with the PFA standards.

2. Based on the reports by media on harmful pesticides found in bottled waters tested at Mumbai and Delhi, BIS called an urgent meeting of the relevant

BIS Technical Committee to examine the two standards. The Technical Committee met on 7 & 8 Feb 2003 and took into consideration the limits laid down by WHO, Codex, USFDA, EU etc and decided that since bottled water is a value added product the norms for pesticide residues may be aligned with the best in the world. These amended standards for pesticide residues will be implemented after they are incorporated in the Prevention of Food Adulteration Rules which is administered by Ministry of Health and Family Welfare. As and when Ministry of Health & Family Welfare issues the Gazette Notification, the amended standards would be implemented under the BIS Certification Scheme.

3. While BIS has taken requisite action of amending the specifications relating to pesticide residues as prescribed in the two Indian Standards for Packaged Drinking Water and Natural Mineral Water, it does not imply that the bottled water manufactured by the licensees of the Bureau of Indian Standards as per the existing Indian Standards is not fit for human consumption. To allay such apprehensions of the common consumer, a seminar was convened by BIS on 13.02.2003 to determine whether the Packaged Drinking Water and Natural Mineral Water manufactured as per existing Indian Standards is fit for human consumption. The seminar was attended by eminent scientist representing Government bodies, representatives of World Health Organization (WHO), consumers, representatives of industries and other stakeholder. The seminar affirmed that the Packaged Drinking Water and Natural Mineral Water being produced according to BIS standards is fit for human consumption. The Inquiry Committee set up by the Department under the Chairpersonship of Additional Secretary, Department of Consumer Affairs, had also come to the conclusion that the existing standards were quite adequate.

4. In so far as shortage of testing personnel in BIS is concerned, it is submitted that the same is attributable to the general policy of the Central Government whereby restrictions have been imposed on direct recruitment. However, the matter is being taken up with the Department of Personnel and Training seeking exemptions in respect of Bureau of Indian Standards from restrictions imposed on direct recruitment.

5. As regards modernization of BIS laboratories, it is submitted that modernization and upgradation of the testing facilities is a continuous process in BIS. During the year 2002-03, an amount of Rs. 62 lakh was spent in procuring capital equipment and it is expected that expenditure would be higher during the current year i.e. 2003-04. This is in addition to expenditure on consumables and stores. Proposals/Plans have been called from individual BIS Laboratories for the current year for procuring/upgrading equipments wherever required. BIS also utilizes the facilities of other Govt. and Private Laboratories, since it is not feasible to set up test facilities for all the 1100 products covered under the BIS Certification Marks Scheme. However, before sending samples to other laboratories, it is ensured that they are properly equipped and are accredited by the National Accreditation Board for Laboratories (NABL) or recognized under the BIS Laboratory Recognition Scheme.

6. In so far as sale of spurious goods in the market is concerned, it is submitted that the Enforcement Department of BIS has been further strengthened with augmentation of additional officers and staff. Further, the enforcement machinery at Regional Offices and Branch Offices of BIS has also

been strengthened by nominating senior officers as Nodal/Enforcement officers to coordinate the enforcement activities in the Region and Branch level and also to coordinate with the legal department of the BIS and other enforcement agencies in their respective states. The enforcement machinery of the BIS could be further augmented if the BIS is exempted by the Department of Personnel and Training from the operation of the instructions restricting direct recruitment.

Ministry of Consumer Affairs, Food & Public Distribution

O.M. No.G-11027/1/2003-P&C

Dated: 31st July, 2003

Comments of the Committee

(Please see Para No. 1.15 of the Chapter I of the Report)

CHAPTER V

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

Recommendation (Para No. 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 finalization of these cases.

REPLY OF THE GOVERNMENT

The Department referred seven cases of irregularities alleged to have been committed by Shri S.S. Dhuri, former chairman & others in the affairs of Super Bazar vide letter No.F-12016/7/99/2000-Vig. Dated 7.2.2000 to CBI on the orders of the then Hon'ble Minister for CAF,&PD. CBI registered two FIRs DAI-2000-A-0002 & 003 dated 25.4.2000 against Sh. S.S. Dhuri, former Chairman Super Bazar & others. CBI sent preliminary inquiry report vide their letter No. PE-2(A)/2000-DLI dated 25.7.2001, wherein CBI said that there is no criminal misconduct against Sh. Dhuri & others. But CBI recommended only departmental action against one officer namely, Sh. S.K. Sharma, the then Assistant Manager, Super Bazar in the case of irregularities in the purchase of inferior qualities of pulses resulting in loss to Super Bazaar. However, CVC, based on CBI's report recommended issue of 'censure' against Sh. Sharma. Since no criminal liability was found by CBI against Sh. S.S. Dhuri and others, the Department of Consumer Affairs took up all the cases again with CBI on 22.5.2002 for fixing criminal liabilities against them, since it was observed that there were prima-facie charges against Sh. S.S. Dhuri and others in committing irregularities in those cases. CBI, in its latest reference dated 22.11.2002, though recommended only departmental/Civil action against the alleged officers/officials, but did not clearly specify which are the officials against whom the departmental action would be initiated except in the case of BIPS. In the case of BIPS, CBI recommended major penalty proceedings against three serving officers of Super Bazar and dropped charges against those officers who had already left Super Bazar. On the basis of the inquiry reports of the Central Registrar of Cooperative Societies (CRCS) on the irregularities in the functioning of Super Bazar, the department consulted Ministry of Law to get its advice as to what further action could be taken against such alleged persons.

The Ministry of Law advised this department to take up the matter again with CBI by stating specific allegation against not only those held responsible but also against those named in the inquiry reports of CRCS. Accordingly, CBI has been requested on 11.7.2003 to investigate criminal liabilities against the alleged persons as early as possible to punish the guilty persons. CBI was also told that many of the persons including Sh. S.S. Dhuri, former chairman, Super Bazaar were non-officials and as such civil/departmental action by the department is not possible and the only recourse to establish criminal liabilities against such persons would be through CBI by filing criminal cases against them. However, departmental action against some of the present employees of Super Bazaar are already in progress and have been placed before the Disciplinary Committee of Super Bazaar for final decision.

Ministry of Consumer Affairs, Food & Public Distribution

O.M. No.G-11027/1/2003-P&C

Dated: 31st July, 2003

Recommendation (Para. 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 2002-03 from that of the last year. Rs. 1395.83 lakhs still remains to be recovered and part of the outstanding dues amounting to Rs. 885.75 lakhs 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 recommends 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.

REPLY OF THE GOVERNMENT

The NCCF is an autonomous Consumer Cooperative Organisation at National level. It has its own Board of Directors (BOD) to decide about its business and other administrative matters. The Govt. of India has nominated three nominees on the BOD of the NCCF. The activities of the NCCF is also reviewed by the time to time by the Govt. of India at senior level. At the Review Meeting held on 30.7.2002, the following action points regarding the recovery of the sundry debtors were made:-

- a) All case relating to recoveries from the member societies may be referred to the Central Registrar of Cooperative Societies (CRCS) by 31.8.2002, if not done already.
- b) The decrees already obtained by the NCCF from the CRCS may be executed expeditiously. Action for execution of the decrees be completed by 15.9.2002.
- c) A Recovery Cell may be created in each branch which should be exclusively responsible for the matter. The officials should be identified and specific job of recovery entrusted to them. Recovery Cell in major branches should be set up by NCCF on 31.8.2002. The target for recoveries should be given to each Branch Manager and head of Recovery Cell.
- d) Position of Outstanding Dues and compliance status of the directives notes above may be reported to the BOD in its meeting and the Ministry every quarter as a part of the Management Reports being submitted to them.
- e) In some of the cases letters at senior level from officers of Govt. of India has also been sent to the State Govt. to expedite the repayments which has resulted in recoveries.
- f) The NCCF has informed that a sum of Rs. 83.69 lakhs has been recovered during the month of February & March, 2003 (including adjustment). The old outstanding dues, which were to the extent of Rs. 1395.83 lakhs as on 31/1/2003 have now come down to Rs. 1312.14 lakhs as on 31/3/2003. Further, an amount of Rs. 3.72

lakhs has also been recovered during the month of April, 2003. Action against decrees already awarded by the Central Registrar of Cooperative Societies has been initiated by the NCCF. They have also taken steps for early hearing of the pending cases in the Courts towards execution of decrees.

Ministry of Consumer Affairs, Food & Public Distribution

O.M. No.G-11027/1/2003-P&C

Dated: 31st July, 2003

Recommendation (Para No. 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 constrained 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 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 organization 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.

REPLY OF THE GOVERNMENT

Procurement of Machinery & Equipment

The National Test House has already made advance planning for procurement of Machinery & Equipment during the current financial year. Items of Machinery & Equipment to be procured have been identified. The progress in procurement was also reviewed in the first meeting of Expenditure Monitoring Committee headed by Additional Secretary, Department of Consumer Affairs on 2.6.2003 in which it was impressed upon the NTH to speed up the process of procurement of Machinery & Equipment.

Filling up of vacant posts

The assessment of the requirement of staff is being made by the National Test House in consultation with its Regional Laboratories. However, the immediate thrust for NTH is to fill up the vacant posts of Scientific Assistant which is the base level scientific post in the laboratories. As the posts are vacant for more than one year, these are required to be revived with the approval of the Ministry of Finance to whom a proposal was referred in February, 2003. That Department has made some observations keeping in the view the RECOMMENDATION of the Expenditure Reforms Commission. These observations are under examination and the proposal for revival of posts would be referred back to the Ministry of Finance shortly.

The matter has also been taken up with the Department of Personnel & Training for relaxation of ban imposed on fresh (direct) recruitment by that Ministry in so far as the vacant posts of NTH are concerned.

Ministry of Consumer Affairs, Food & Public Distribution

O.M. No.G-11027/1/2003-P&C
Dated: 31st July, 2003

NEW DELHI
3 October, 2003
11 Asvina, 1925 (Saka)

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

**MINUTES OF THE SEVENTH SITTING OF THE STANDING COMMITTEE ON
FOOD, CIVIL SUPPLIES AND PUBLIC DISTRIBUTION HELD ON
WEDNESDAY, THE 17TH SEPTEMBER, 2003**

The Committee sat from 15.00 hours to 16.00 hours in Committee Room No.'C' ,
Parliament House Annexe.

Present

Shri Devendra Prasad Yadav

- Chairman

MEMBERS
LOK SABHA

46. Shri A.P.Abdullakutty
47. Shri Rajbhar Babban
48. Shri Dalit Ezhilmalai
49. Smt. Preneet Kaur
50. Shri Bir Singh Mahato
51. Shri Sanat Kumar Mandal
52. Shri Shyam Bihari Mishra
53. Shri Sukdeo Paswan
54. Shri Dharam Raj Singh Patel
55. Shri Bajju Ban Riyan
56. Shri Rammurti Singh Verma
57. Shri Kishan Lal Diler
58. Shri Jaiprakash
59. Shri Kalava Srinivasulu
60. Shri Rameshwar Dudi

RAJYA SABHA

61. Smt. Bimba Raikar
62. Shri Nandi Yellaiah
63. Shri S.K. Khabir Uddin Ahmad
64. Shri Ravula Chandra Sekar Reddy
65. Shri Munavvar Hassan
66. Shri C. Perumal
67. Shri M.A.Kadar
68. Shri Vijay Singh Yadav
69. Shri Harendra Singh Malik

SECRETARIAT

1. Shri Krishan Lal - Director
2. Shri R.S. Mishra - Deputy Secretary

Consideration and adoption of draft 23rd Report

The Committee considered the Draft 23rd Report on Action Taken by the Government on the recommendations contained in their 22nd Report on Demands for Grant (2003-2004) relating to Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs) and adopted the report without any amendment.

The Committee, then, authorised the Chairman to make grammatical and consequential changes in the Report and present/lay the same in the both Houses of Parliament.

The Committee, then, adjourned.

*****Not related to this report**

(Vide Introduction of the Report)

**ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE
RECOMMENDATIONS CONTAINED IN THE TWENTY SECOND REPORT OF THE
STANDING COMMITTEE ON FOOD, CIVIL SUPPLIES AND PUBLIC DISTRIBUTION
(THIRTEENTH LOK SABHA)**

(i)	Total Number of Recommendations	10
(ii)	Recommendations/Observations which have been accepted by the Government.	
	Para Nos. 1.13, 2.24, 3.31 and 3.32	
	Total	4
	Percentage	40%
(iii)	Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies.	
	Para Nos. Nil	
	Total	0
	Percentage	Nil
(iv)	Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee.	
	Para Nos. 2.25, 3.28 and 5.12	
	Total	3
	Percentage	30%
(v)	Recommendations/Observations in respect of which reply of the Government is still awaited.	
	Para Nos. 3.29, 3.30 and 4.9	
	Total	3
	Percentage	30%