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# STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION (2014-2015)

# SIXTEENTH LOK SABHA

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

{Action Taken by the Government on the observations/ recommendations contained in the Second Report of the Committee (2014-15) on Demands for Grants (2014-15) pertaining to the Department of Consumer Affairs (Ministry of Consumer Affairs, Food and Public Distribution)

# SIXTH REPORT



Lok Sabha Secretariat

New Delhi

July, 2015/ Sravana, 1937 (Saka)

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# (DEPARTMENT OF CONSUMER AFFAIRS)

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Presented to Lok Sabha on \_\_\_\_\_



Lok Sabha Secretariat New Delhi July, 2015/ Sravana, 1937 (Saka)

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# Composition of the Standing Committee on Food, Consumer Affairs and Public Distribution (2014-15).

Shri J.C. Divakar Reddy, Chairperson

#### Lok Sabha

- 2. Shri Anto Antony
- 3. Shri Babu Lal Choudhary
- 4. Shri Sanjay Jadhav (Bandu) Haribhau
- 5. Shri Dinesh Kashyap
- 6. Shri Dharmendra Kumar
- 7. Shri Ravinder Kushawaha
- 8. Smt. Sakuntala Laguri
- 9. Dr. Sakshi Maharaj
- 10. Shri R. K. Bharathi Mohan
- 11. Shri Sunil Kumar Mondal
- 12. Shri Kamlesh Paswan
- 13. Shri Ram Chander Paswan
- 14. Shri C.S. Putta Raju
- 15. Smt. Priyanka Singh Rawat
- 16. Shri P.V. Midhun Reddy
- 17. Shri Bhola Singh
- 18. Shri Brij Bhusan Sharan Singh
- 19. Shri Shibu Soren#
- 20. Shri Prabhubhai Nagarbhai Vasava
- 21. Shri Nandi Yellaiah

#### <u>Rajya Sabha</u>

- 22. Shri Shadi Lal Batra
- 23. Shri Pankaj Bora
- 24. Shri Mithun Chakraborty
- 25. Dr. Bhushan Lal Jangde
- 26. Dr. Prabhakar Kore\*\*
- 27. Ms. Rekha
- 28. Dr. K. Keshava Rao\*
- 29. Shri K.K. Ragesh<sup>@</sup>
- 30. Shri Dhiraj Prasad Sahu
- 31. Shri Veer Singh<sup>\$</sup>

#### LOK SABHA SECRETARIAT

1.	Shri A.K. Shah	-	Director
2.	Shri Khakhai Zou	-	Deputy Secretary

# Nominated to the Committee w.e.f. 7.10.2014.

\* Nominated to the Committee w.e.f. 08.10.2014 from the Standing Committee on Water Resources.

\*\* Nominated to the Committee w.e.f. 19.12.2014 <u>vice</u> Shri Amar Singh MP (RS) retired from the membership of Rajya Sabha w.e.f. 25.11.2014.

\$ Shri Veer Singh, MP (RS) ceased to be a member of the Committee upon his retirement from the membership of Rajya Sabha w.e.f. 25.11.2014 and re-nominated to the Committee w.e.f. 19.12.2014.

@ Shri K.K. Ragesh, MP (RS) nominated to the Committee w.e.f. 06.05.2015 vice changed of nomination of Shri Ritabrata Banerjee to the Standing Committee on Transport, Tourism and Culture w.e.f. 06.05.2015.

# INTRODUCTION

I, the Chairman of the Standing Committee on Food, Consumer Affairs and Public Distribution (2014-15) having been authorized by the Committee to submit the Report on their behalf, present this Sixth Report on Action Taken by the Government on the Observations/Recommendations contained in the Second Report of the Committee (2014-15) on Demands for Grants (2014-15) of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs).

2. The Second Report was presented to Lok Sabha and laid in Rajya Sabha on 22 December, 2014. The Government have furnished their replies indicating Action Taken on the recommendations contained in the Report on 17 April, 2015.

3. The Report was considered and adopted by the Committee at their sitting held on 2 June, 2015.

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

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

New Delhi; <u>09 June, 2015</u> 19 Jyaistha, 1937(Saka) J. C. Divakar Reddy, Chairman, Standing Committee on Food, Consumer Affairs and Public Distribution.

#### **CHAPTER I**

#### REPORT

This Report of the Standing Committee on Food, Consumer Affairs and Public Distribution deals with the act ion taken by the Government on the Observations/ Recommendations contained in the Second Report of the Committee (2014-15), (16<sup>th</sup> Lok Sabha) on Demands for Grants (2014-15) pertaining to the Department of Consumer Affairs (Ministry of Consumer Affairs, Food and Public Distribution ).

1.2 The Second Report was presented to Lok Sabha and laid on the Table of Rajya Sabha on 22.12.2014. It contained 21 observations/ recommendations. Action taken replies in respect of all the 21 observations/recommendations contained in the Report have been received and these have been categorized as follows:-

(i) Recommendations which have been accepted by the Government :

Serial Nos.:- 1, 3, 4, 5, 6, 9, 11, 13, 15, 19, 20 and 21.

(Chapter – II, Total - 12)

(ii) Recommendations which the Committee do not desire to pursue in view of the replies received from the Government

Serial No.: 18

(Chapter – III, Total - 1)

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

Serial Nos.:- 2, 8 and 10.

(Chapter – IV, Total -3)

(iv) Recommendations in respect of which the interim replies of the Government have been received.

Serial Nos.:- 7, 12, 14, 16 and 17

(Chapter – V, Total - 5)

1.3 The Committee desire that action taken notes on the Observations/Recommendations contained in Chapter L and recommendations contained in Chapter V of this report for which only interim replies have been received from the Government be furnished to the Committee at the earliest and in any case not later than three months of the presentation of the Report.

1.4 The Committee will now deal with action taken by the Government on some of their recommendations which need reiteration or merit comments.

# I. Need for time bound National Perspective for Consumer Awareness

# Recommendation (Serial No. 1)

1.5 The Committee had recommended as below:-

"The Committee's examination of Demands for Grants (2014-15) of Department of Consumer Affairs has revealed that it has a gross Annual Budget of Rs. 310.79 crore. The Committee have also noticed the present day Consumer Affairs scenario in the country, vision and mission set out by Department of Consumer Affairs for accomplishing the vision. Viewing the Consumer Affairs scenario in the country with prevailing complete unawareness about consumer rights and consumer awareness in rural areas, misleading advertisement especially in sector of public health and education, with weak or nil redressal mechanism available and absence of deterrent punishment, the Committee feel that annual budget of Department of Consumer Affairs in future should be formulated in such a fashion so as to address all these issues. In this connection, the Department of Consumer Affairs has already underlined the need for a sustained national programme with adequate trends for educating more than 120 million people of the country about their consumer interests and rights. The Committee, therefore, recommend that time bound national perspective be drawn up in this regard in consultation with State Governments/UT Administrations. "

# 1.6 The Ministry in their action taken replies have stated as under:-

"Comprehensive amendments to the Consumer Protection Act, 1986 are under the consideration of Government. In the proposed amendments, a Central Consumer Protection Authority is envisaged to deal with the problems arising out of misleading advisements and unfair trade practices. The Department proposes to take the consumer awareness programme deeper into the rural areas to promote awareness amongst rural consumers. It proposes to use new mediums such as digital cinema, popular websites, LCD screens at various public places, audio announcement systems at bus stands, bulk SMSs, Cable TV channels etc. in addition to traditional mediums such as newspapers, magazines, TV, Satellite radio etc. for the purpose of educating the consumers. State Governments and UT administrations are also provided Central Financial Assistance to create awareness in the respective States/UTs in local languages. Further, in addition to providing financial assistance to registered organisations engaged in consumer related activities from the Consumer Welfare Fund all the States/UTs have been urged to set up a

Consumer Welfare Fund so that voluntary efforts for promoting the consumer movement can be strengthened at grass root level. "

1.7 Viewing the complete unawareness about consumer awareness in rural areas in the country, misleading advertisement especially in the sector of public health and education with absence of deterrent punishment and the need for national perspective on consumer awareness underlined by the Department of Consumer Affairs, the Committee had recommended that a time bound national perspective be drawn up in this regard in consultation with State Governments/UT administrations. In their action taken reply, the Committee find that the Government has inter-alia informed about comprehensive amendments to Consumer Protection Act. 1986 which are under consideration of the Government envisaging a Central Consumer Protection Authority for dealing with problems arising out of misleading advertisements and unfair trade practices. Besides, Department of Consumer Affairs is proposing to take consumer awareness programmes deeper in rural areas through digital cinema and popular electronic websites, SMS, print media, LCD screens at public places through central assistance to States/UTs to registered organizations from Consumer Welfare Fund, etc. The Committee, however, are constrained to find that reply of the Government is silent on Committee's recommendation about drawing up a time bound national perspective for Consumer awareness in the country. The Committee, therefore, reiterate that the Department of Consumer Affairs could come out with a time bound national perspective for Consumer awareness in the country.

# II. Need for increasing Plan funds of the Department

# **Recommendation (Serial No. 2)**

1.8 The Committee in had recommended as under:-

"The Committee are constrained to note that Department of Consumer Affairs had experienced severe reduction of Plan funds during Plan (2007-12) and Twelfth Plan (2012-17) at the hands of Eleventh Planning Commission to the extent of Rs. 400 crore and Rs. 1277.36 crore. The Committee have been informed by the Department of Consumer Affairs that huge reduction of Plan outlay during Twelfth Plan would severely affect and slow down the implementation of the on-going and new schemes. The Committee also find that the reduction imposed in Plan allocation has been as high as one-fourth during 11th Plan and even greater than half during 12th Plan. In Committee's opinion, already a few funds had been made available with Department of Consumer Affairs for the mammoth task of consumer awareness and consumer rights. The Committee, therefore, are very much concerned with acute shortage of funds available with Department of Consumer Affairs and recommend that the issue be taken up with Planning Commission and outcome be apprised to them before examination of next Demands for Grants."

1.9 The Ministry in their action taken replies have stated as under:-

As stated in the recommendation of the Hon'ble Committee above, the allocation of Plan Fund for the 12th Plan has been substantially reduced against the proposals of this Department. The allocations against proposal for annual budgetary provisions are finally determined by the Department of Expenditure; however, the overall plan allocations of the annual budgetary provisions are normally equal to the total plan allocations for the plan period. However, the issue of increasing the plan allocation for the 12th Plan period will need to be taken up with the NITI Aayog appropriately.

1.10 While noting severe reduction of Plan funds of the Department during Eleventh and Twelfth Plan at the hands of Planning Commission which would severely affect and slow down the implementation of the ongoing and new schemes, the Committee had expressed their concern over shortage of funds available with the Department and had recommended that the issue be taken up with Planning Commission. However, the Committee find from the action taken reply that the Department has not taken up the matter with NITI Aayog so far. In the light of mammoth task of spreading consumer awareness in the country, the Committee reiterate that the issue of shortage of funds be taken up with NITI Aayog without any further delay.

# III. Lowering of funds from BE to RE level

#### **Recommendation (Serial No. 5)**

1.11 The Committee had recommended as below:-

"The Committee's examination of outlays vis-à-vis utilization of funds so far during Twelfth Plan i.e. 2012-13, 2013-14 and 2014-15 has witnessed a trend of lowering of Budget Estimates to a great extent at Revised Estimates stage and then claiming utilization of amount available at Revised stage. For instance, during 2012-13, the BE of Rs. 241 crore was reduced to Rs. 150 crore and actuals were still lower at Rs. 126 crore. Similarly, during 2013-14, the BE of Rs. 241 crore were brought down to Rs. 192 crore at RE stage and actual utilization was Rs. 180.08 crore. Finally during 2014-15, as against the BE of Rs. 220 crore, the actual expenditure was Rs. 23.73 crore only. The Committee have been informed by the Department of Consumer Affairs that this was occasioned by primarily two factors, one late approval of Plan document at the end of 2012 that was to be done in April, 2012 and first six months of 2013-14 were lost in Vote on Account as a result Model Code of Conduct was imposed due to which necessary expenditure was not incurred. In this connection, the Department of Consumer Affairs has admitted before the Committee that the pace of expenditure during 2014-15 has been slow.

The Committee have also been assured of better utilization of funds in 2014-15 by Secretary, Department of Consumer Affairs. The Committee, therefore, feel that as assured by Secretary, Department of Consumer Affairs, the Department would be able to perform better and reclaim the unused Plan funds that were reduced during previous years i.e. 2012-13 and 2013-14 in subsequent years i.e. 2014-15 onwards of Twelfth Plan."

#### 1.12 The Ministry in their action taken replies have stated as under:-

The Plan allocation RE stage is determined by the Department of Expenditure based on availability of resources, fiscal management imperatives and the utilisation of fund during the first six months of the Financial Year. The RE for 2014-15 was reduced by the Ministry of Finance from Rs.220.00 crores to Rs.140.00 crores. Against the RE of Rs.140.00 crores, Rs.137.9 crores has been spent. The major constraint leading to under-utilisation of the allocated plan funds is the incomplete proposals and non-availability of UCs from the States/UTs which the Government is trying to pursue by writing to States/UTs, convening regional meetings to impress upon them to utilise the funds and furnish UCs and also to provide funds to the States/UTs which have not yet been covered and do not have the problem of pending UCs.

1.13 Witnessing lowering of Plan funds from Budget Estimates to Revised Estimates during first three years of the current Plan due to various reasons like late approval of Plan document, less expenditure incurred on account of Vote on Accounts etc. and in the light of assurance for greater utilization of funds by Secretary, Department of Consumer Affairs, the Committee had felt that Department of Consumer Affairs would be able to perform better and reclaim the unused Plan funds that were reduced during first three years of the current Plan. In action taken reply the Committee have been informed by the Department of Consumer Affairs that Plan allocation at RE stage is determined by the Department of Expenditure based on availability of resources, fiscal management imperatives and utilization of funds during first six months of the financial year and RE (2014-15) of the Department of Consumer Affairs have been reduced by the Ministry of Finance from Rs. 220 crore to Rs. 140 crore. Incomplete proposals and non-availability of Utilization Certificates (UCs) from States/UTs have attributed as major constraints leading to under-utilization of allocated Plan funds for which Government is pursuing with States/UTs.

In this connection, the Committee recall that while examining the Demands for Grants (2015-16) of Department of Consumer Affairs, the Committee had dealt with the issue of steep reduction of Plan funds (2015-16) at RE level and Department of Consumer Affairs has approached the Committee to intervene in the matter. The Committee had felt that Department of Consumer Affairs though with a small budget yet it has a laudable objective of making consumers aware about their rights on consumer related issues and as such the Department should be given far greater amount than that is presently available.

The Committee at the same time had advised the Planning Commission not to reduce the Plan funds allocated to Department of Consumer Affairs and cautioned the Department of Consumer Affairs to deftly tackle the problem of non-receipt of proposals/non-receipt of UCs from States/UTs. (Rec. SI. No. 2 ibid).

In view of the foregoing and in the light of Department of Consumer Affairs assertion that Plan allocation at RE stage is determined by the Department of Expenditure based on available resources, fiscal management imperatives, utilization of funds during first six months of the financial year, and Department of Consumer Affairs own admission before the Committee that there are constraints like incomplete proposals/non-availability of UCs, the Committee reiterate their recommendation that Department of Consumer Affairs should impress upon States/UTs to do the needful in the matter.

# IV. Need to associate all State/ UT Governments, schools, Panchayati Raj Institutions, NGOs etc. for spreading awareness in rural areas

#### **Recommendation (Serial No. 8)**

1.14 The Committee had recommended as below:-

"The Committee are alarmed to note that as per Department of Consumer Affairs' own impact assessment of JagoGrahakJago (JGJ) Campaign conducted in 12 States as high as 39 percent consumers surveyed in rural areas and 35 percent consumers in urban areas are unaware about the 'JGJ' Campaign. The Committee feel that this has put a big question mark on the overall preparedness about the Consumer Awareness drive launched by Department of Consumer Affairs. The Committee, therefore, conclude that Consumer Awareness has not at all reached at the door step of common man both in rural and urban areas which the Department of Consumer Affairs claims to have been spreading through a multi-media campaign through newspapers, television, radio, utility bills, railway tickets etc. In this connection, the Committee have been informed that a Inter-Ministerial Empowered Committee is working on it and synchronizing the efforts of other Ministries in the action plan for JGJ Campaign. The Committee also find that Department of Consumer Affairs has conceded with the Committee that there is an urgent need to build consumer awareness in rural areas and in that direction, a new scheme, 'GrahakSuvidha Kendra' has been started as a pilot project wherein a host of services like creating consumer awareness, dissemination of information, grievance redressal, assistance in filing cases in consumer courts have been put together under one roof. The Committee feel that with a view to making the 'GrahakSuvidha Kendra' programme as people's programme, there is a need to associate in this drive all State Governments/UT Administrations schools, Panchayat Raj Institutions, NGOs etc. in a time bound and result oriented manner. To achieve this

objective, it should be made obligatory for every shop/business establishment to prominently display the address and contact number of the authority to whom the consumer may file their complaints or suggestions."

1.15 The Ministry in their action taken replies have stated as under:-

"To take the campaign to the grass root level the Department has been using Doordarshan& All India Radio for spreading its awareness messages. In this direction Department has also involved Community Radio which mostly cover Rural Areas for disseminating of consumer awareness messages."

1.16 While noting with constraints that as per Department of Consumer Affairs own assessment of 'Jago Grahak Jago' (JGJ) campaign as high as 39 percent consumers in rural areas and 35 percent consumers in urban areas are unaware about the JGJ campaign and finding that Grahak Suvidha Kendra (GSK) Scheme was in formative stages the Committee had observed that there is a need for associating State Governments / UT Administrations, Panchayati Raj Institutions, schools, etc. in a time bound manner in GSK Scheme. The Committee had recommended that it should obligatory for every shop/business establishment be made to predominantly display the address and contact number of the authority to whom the consumer may file their complaints or suggestions. In action taken reply the Committee have been informed that to take the JGJ campaign to grassroot level, the Department has been using Doordarshan and All India Radio and Community Radio that mostly cover rural areas. The Committee find the reply as incomprehensive as it does not address recommendation Committee's regarding involvement of State Governments/UTs, PRIs, etc. in Grahak Suvidha Kendra Campaign and compulsorily displaying the address and contact number of the authority to whom the consumers may file complaints/suggestions. The Committee, therefore, find the action taken reply of the Government as incomplete and therefore desire a comprehensive reply in this regard so as to arrive at a logical conclusion.

# V. Need for regular maintenance of the data and strict steps against offenders of Food Adulteration

# Recommendation (Serial No. 9)

1.17 The Committee had recommended as below:-

"During the course of examination, the Committee witnessed that issue of rampant adulteration of food items especially milk came up before the Committee in a big way. In this connection, during the course of evidence of the representatives of Department of Consumer Affairs, it was admitted

before the Committee that adulteration in milk and milk products. vegetables, dals, masalas has assumed menacing proportions. The Committee have also been informed that since food adulteration is dealt with under Food Adulteration Act being implemented by State Governments and the regulator in this area is Food Standards and Safety Authority of India (FSSAI) under Ministry of Health and Department of Consumer Affairs is apprised of the latest update in this area from time to time. The Committee have also been informed that Department of Consumer Affairs started an initiative with six Departments of Agriculture, Food, Health, Housing, Transport and Finance with a view to focusing the work in these Departments more on the consumer welfare aspects. The Committee have also informed that Department of Consumer Affairs are conferences with holding required State Secretaries/ Food Commissions/Legal Metrology officials in various zones for carrying out drive against defaulters. The Committee are, however, constrained to note that Department of Consumer Affairs are not maintaining data involving food adulteration of essential food items which as per Department of Consumer Affairs are few and far between in Consumer Fora. The Committee recommend that since food adulteration especially in milk has assumed alarming proportions, there is a need to provide for exemplary punishment for offenders. At the same time the Committee desire that relevant data both at Centre and State Level be maintained in Department to assess the true magnitude of the problem and for evolving mechanism for its redressal."

1.18 The Ministry in their action taken replies have stated as under:-

"This Department has initiated action for developing a strategy to deal with the problem of food adulteration. Centre for Consumer Studies under Indian Institute of Public Administration (IIPA) has been assigned the responsibility to develop an actionable strategy in consultation with the State Governments, FSSAI & other relevant regulators in implementation of the project."

1.19 While expressing concern over rampant adulteration of food items especially milk and milk products, vegetables, dals, masalas, the Committee had desired that there is need to provide exemplary punishment for offenders and that relevant data both at Centre and State level be maintained in the Department to assess the true magnitude of the problem and evolving a mechanism for its redressal. In their action taken reply, the Department has stated that the action has been initiated for developing a strategy to deal with the problem of food adulteration. While appreciating the steps taken by the Department, the Committee feel that there is a need for regular maintenance of the data both at Centre and State level to be maintained in the Department to assess the true magnitude of the problem and evolving a mechanism for its redressal.

# VI. Misleading Advertisements

## **Recommendation (Serial No. 10)**

#### 1.20 The Committee had recommended as below:-

"The Committee's examination has revealed that large number of misleading advertisements are being aired on radio and TV and are available in daily newspapers playing havoc with the lives of lakhs of consumers. The Committee have been informed that as many as 1500 misleading advertisements have been listed by the Department of Consumer Affairs pertaining to six to seven Departments which pertain to problems in the areas of food, health, telecom etc. In this connection, the Committee's examination has revealed that complaints against as many as 30 advertisements in health sector and as many as 20 advertisements in education sector have been upheld by Advertisement Standard Council of India (ASCI) as these advertisements have found to have violated the law of the land.

With regard to prevention of misleading advertisements being aired on TV and radio, the Committee have been informed by Department of Consumer Affairs that powers of Government are very limited and Ministry of Information and Broadcasting does issue notice to erring agencies and ask them to suspend the advertisements immediately but it has not been effective. Press Council of India/ASCI tries to take action against them. The Committee have also been informed that very soon the Government plans to open a portal where consumers can drop their consumer related complaints against these misleading advertisements besides an Inter-Ministerial Group has been constituted on the issue and Consumer Protection Act is being amended to give Government adequate powers to take action against those who indulge in misleading advertisements. In this context, the Department of Consumer Affairs has also opined that the problem has to be addressed together by Government of India, State Governments both at Centre and State level.

The Committee feel that although the Government has limited powers on the issue yet they feel that role of Ministry of Information and regulators like Press Broadcasting as also of Council of India/Advertisement Council of India is almost nil as misleading advertisements are unabatedly appearing in newspapers. The Committee, therefore, feel that the issue should be taken up with concerned Ministries and regulators for swift action in this regard. At the same time the Committee feel that steps like opening of portal for registering consumer complaints and amending Consumer Protection Act be taken up without further loss of time. The Committee also feel that as opined by Department of Consumer Affairs there is an urgent need to work together on this issue equally by Centre and State Governments."

1.21 The Ministry in their action taken replies have stated as under:-

"Two meeting of Inter- Ministerial Group were held on 18.07.2014 & 28.10.2014. As recommended by the IMG, the Department has taken up the specific complaints with respective regulators. As a result of which UGC has posted the information about fake/ unapproved institutes on its website. Similarly Drugs Controller (DCGI) has taken up with states to take action against the offenders and submit information to the Directorate General of Health Services. The portal for addressing the problem of misleading advertisements namely Grievance against Misleading Advertisements (GAMA) is proposed to be launched on 18.03.2015."

1.22 While observing that as large as 1500 misleading advertisements listed by the Department of Consumer Affairs pertaining to six-seven Departments pertaining to areas like food, health, telecom etc. out of which 30 advertisements in health and 20 advertisements in education sectors that have been found to be violative of law of the land by Advertisement Standard Council of India (ASCI) and very limited powers are available with Ministry of Information and Broadcasting of either issuing notice to erring agencies or suspending these advertisements, etc. The Committee had inter-alia felt that the issue of misleading advertisements be taken up with concerned Ministries and regulators for swift action in this regard.

In action taken reply, the Committee have been apprised about taking up the issue of fake/unapproved institutes with UGC, Drug Controller Government of India (DCGI) to take action against offenders under intimation to DGHS and opening up a Portal for addressing the problem of Grievance against misleading advertisement on 18th March, 2015. The Committee, however, are dismayed to note that action taken reply of the Government does not address full sweep of the recommendation about taking up the issue of misleading advertisements with all the six-seven Departments which pertain to food, health, telecom etc. The Committee, therefore, reiterate their recommendation on above aspect for compliance.

VII. Need for removal of structural difficulties in legislative framework of the Department

# **Recommendation (Serial No. 12)**

1.23 The Committee had recommended as below:-

"The Committee are dismayed to note that as huge as 74,332 cases are pending in Consumer Courts as on 30.06.2014 out of which as huge as 57,397 cases are pending in district courts, followed by 14,131 cases pending at State Commissions and 2804 cases are pending even in National Commission. The Committee feel that as a result of large number of pendencies at different levels, the common man has lost faith in these consumer courts. In this connection the Department of Consumer Affairs have themselves admitted before the Committee that disposal rate needs improvement and quick disposal of cases is desirable for reposing the faith of the common man on these consumer courts. The Department of Consumer Affairs have also conceded before the Committee that neither the Ministry of Consumer Affairs, Food and Public Distribution at national level nor State Governments at State level has any administrative control over disposal of cases. The Committee have also been informed the about some structural difficulties in legislative framework which the Department of Consumer Affairs is trying to address. The Committee have been informed that Consumer Protection Amendment Bill, 2014 is to be introduced in Parliament shortly. The Committee feel that necessary legislation is need of the hour and should be enacted at the earliest so that common man's faith in consumer courts is restored. "

1.24 The Ministry in their action taken replies have stated as under:-

"The Consumer Protection Bill, 2015 has been finalized. It is expected to be introduced in the Budget Session, 2015 of the Parliament."

1.25 Dismayed over huge number of cases pending in Consumer Courts highlighting the need for improvement in quick disposal of cases so as to repose the faith of the common man on these consumer courts, the Committee had noted that neither the Ministry at the national level nor the State Governments at State level have any administrative control over disposal of cases owing to some structural difficulties in legislative framework, the Committee, therefore, had recommended for earliest enactment of the necessary legislation in order to restore the common man's faith in consumer courts. The Department in their action taken replies have stated that the Consumer Protection Bill, 2015 has been finalized and is expected to be introduced in the Budget Session, 2015 of the Parliament. The Committee reiterate that necessary legislation is the need of the hour and should be enacted at the earliest so that common man's faith in Consumer Courts is restored.

#### CHAPTER II

#### OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

#### Recommendation (Serial No. 1)

2.1 The Committee's examination of Demands for Grants (2014-15) of Department of Consumer Affairs has revealed that it has a gross Annual Budget of Rs. 310.79 crore. The Committee have also noticed the present day Consumer Affairs scenario in the country, vision and mission set out by Department of Consumer Affairs for accomplishing the vision. Viewing the Consumer Affairs scenario in the country with prevailing complete unawareness about consumer rights and consumer awareness in rural areas, misleading advertisement especially in sector of public health and education, with weak or nil redressal mechanism available and absence of deterrent punishment, the Committee feel that annual budget of Department of Consumer Affairs in future should be formulated in such a fashion so as to address all these issues. In this connection, the Department of Consumer Affairs has already underlined the need for a sustained national programme with adequate trends for educating more than 120 million people of the country about their consumer interests and rights. The Committee, therefore, recommend that time bound national perspective be drawn up in this regard in consultation with State Governments/UT Administrations.

#### Reply of the Government

2.2 Comprehensive amendments to the Consumer Protection Act, 1986 are under the consideration of Government. In the proposed amendments, a Central Consumer Protection Authority is envisaged to deal with the problems arising out of misleading advisements and unfair trade practices. The Department proposes to take the consumer awareness programme deeper into the rural areas to promote awareness amongst rural consumers. It proposes to use new mediums such as digital cinema, popular websites, LCD screens at various public places, audio announcement systems at bus stands, bulk SMSs, Cable TV channels etc. in addition to traditional mediums such as newspapers, magazines, TV, Satellite radio etc. for the purpose of educating the consumers. State Governments and UT administrations are also provided Central Financial Assistance to create awareness in the respective States/UTs in local languages. Further, in addition to providing financial assistance to registered organisations engaged in consumer related activities from the Consumer Welfare Fund all the States/UTs have been urged to set up a Consumer Welfare Fund so that voluntary efforts for promoting the consumer movement can be strengthened at grass root level.

(O.M. NO.H-11012/5/2014-P&C DATED:17.04.2015)

# COMMENTS OF THE COMMITTEE

(Please see Para Sl. No.1.7 of Chapter-I of the Report.)

## Recommendation (Serial No. 3)

2.3 The Committee's examination of outlays vis-à-vis expenditure of Department of Consumer Affairs during 11th Plan (2007-12) has revealed that as against the outlay of Rs. 1083.00 crore, the Department was able to utilize Rs. 715.10 crore only. The major schemes that reported under utilization of resources include Consumer Awareness (Rs. 409.00 crore/ Rs. 333.46 crore), Bureau of Indian Standards (Rs. 120.33 crore/Rs. 21.78 crore), Consumer Protection (Rs. 104.97 crore/ Rs. 77.59 crore), State Consumer Helplines/ National Consumer Helpline (Rs. 25.00 crore/ Rs. 8.58 crore) and National Test House (Rs. 67.58/ Rs. 48.73 crore).

In view of large under-utilization in major schemes, the Committee apprehend that Planning Commission may justify reducing the funds for Twelfth Plan. The Committee, therefore, caution the Department of Consumer Affairs that before blaming the Planning Commission for steep reduction of Plan outlays, the Department of Consumer Affairs should put their own house in order and gear up for optimal utilization of resources in coming years of Twelfth Plan.

# **Reply of the Government**

2.4 We have already initiated certain steps like constitution of a task force to monitor the progress of the scheme as well as pending UCs so as to ensure that funds are utilized to the optimum level.

#### (O.M. NO.H-11012/5/2014-P&C DATED:17.04.2015)

#### Recommendation (Serial No. 4)

2.5 The Committee are dismayed to find non-availability of own field units/staff has been attributed as reason for huge under-utilization of resources during the Eleventh Plan. As a result the Department of Consumer Affairs had to bank upon outside agencies like DAVP, DGS&D and CPWD leading to delay in obtaining utilization certificates. The Committee have also been informed that a national level meeting in July, 2014 followed by regional level meeting of Southern States on 15th October, 2014 have been held for necessary monitoring of Utilization Certificates (UCs). The Committee feel that there is a need for establishment of separate manpower within the Department of Consumer Affairs for avoiding under-utilization of Plan funds within the Department. The Committee, therefore, recommend that this issue should be examined and taken up at highest level and the Committee be apprised about the outcome before the examination of the next Demands for Grants.

# **Reply of the Government**

2.6 As per the existing provisions, the Department of Consumer Affairs has to depend upon the DAVP, DGS&D and CPWD for execution of its projects under the plan schemes. However, task force has already been set up to monitor the progress of the schemes and outstanding UCs for avoiding under utilization of plan funds. The Department has allotted cluster of States to individual DS/Directors for pursuing with the States about pending UCs.

The Department also proposes to establish two new Regional Reference Standards Laboratories at Varanasi, Uttar Pradesh and Nagpur, Maharashtra under the 12<sup>th</sup> Plan where the staff will be appointed under the administrative control of the Department.

#### (O.M. NO.H-11012/5/2014-P&C DATED:17.04.2015)

#### Recommendation (Serial No. 5)

2.7 The Committee's examination of outlays vis-à-vis utilization of funds so far during Twelfth Plan i.e. 2012-13. 2013-14 and 2014-15 has witnessed a trend of lowering of Budget Estimates to a great extent at Revised Estimates stage and then claiming utilization of amount available at Revised stage. For instance, during 2012-13, the BE of Rs. 241 crore was reduced to Rs. 150 crore and actuals were still lower at Rs. 126 crore. Similarly, during 2013-14, the BE of Rs. 241 crore were brought down to Rs. 192 crore at RE stage and actual utilization was Rs. 180.08 crore. Finally during 2014-15, as against the BE of Rs. 220 crore, the actual expenditure was Rs. 23.73 crore only. The Committee have been informed by the Department of Consumer Affairs that this was occasioned by primarily two factors, one late approval of Plan document at the end of 2012 that was to be done in April, 2012 and first six months of 2013-14 were lost in Vote on Account as a result Model Code of Conduct was imposed due to which necessary expenditure was not incurred. In this connection, the Department of Consumer Affairs has admitted before the Committee that the pace of expenditure during 2014-15 has been slow. The Committee have also been assured of better utilization of funds in 2014-15 by Secretary, Department of Consumer Affairs. The Committee, therefore, feel that as assured by Secretary, Department of Consumer Affairs, the Department would be able to perform better and reclaim the unused Plan funds that were reduced during previous years i.e. 2012-13 and 2013-14 in subsequent years i.e. 2014-15 onwards of Twelfth Plan.

# **Reply of the Government**

2.8 The Plan allocation RE stage is determined by the Department of Expenditure based on availability of resources, fiscal management imperatives and the utilisation of fund during the first six months of the Financial Year. The RE for 2014-15 was reduced by the Ministry of Finance from Rs.220.00 crores to Rs.140.00 crores. Against the RE of Rs.140.00 crores, Rs.137.9 crores has been spent. The major constraint leading to under-utilisation of the allocated plan funds is the incomplete proposals and non-availability of UCs from the States/UTs which the Government is trying to pursue by writing to States/UTs, convening regional meetings to impress upon them to utilise the funds and furnish UCs and also to provide funds to the States/UTs which have not yet been covered and do not have the problem of pending UCs.

(O.M. NO.H-11012/5/2014-P&C DATED:17.04.2015)

#### COMMENTS OF THE COMMITTEE

#### (Please see Para SI. No.1.13 of Chapter-I of the Report.)

#### Recommendation (Serial No. 6)

2.9 The Committee are constrained to note that very less or even nil expenditure has been reported under important Plan Schemes like Weight and Measures and BIS during first three years viz. 2012-13, 2013-14 and 2014-15 of the current Plan. For instance, under Weights and Measures, as against the RE (2012-13) of Rs. 53.76 crore and RE (2013-14) of Rs. 54.28 crore and BE (2014-15), the actual expenditure was as low as Rs. 22.35 crore, Rs. 49.12 crore and Rs. 2.28 crore respectively. Similarly under BIS the BE (2012-13) of Rs. 10.00 crore was brought down to Rs. 2.00 crore at RE stage and actual was Rs. 1.80 crore whereas during 2013-14 and 2014-15 as against the BE of Rs. 5.28 crore and Rs. 5.00 crore, the expenditure was nil. In the case of Weights and Measures, the Committee have been informed by Department of Consumer Affairs that main reason for less utilization was delay in finalization of tender for necessary procurement of equipment on the part of DGS&D and delay occurred in land acquisition for setting up two RRSCs at Varanasi and Nagpur on the part of concerned State Governments whereas in the case of BIS, the late approval of Plan documents has been reason for nil expenditure. The Committee feel that the issue of under-utilization of funds under Weights and Measures be taken up with DGS&D and concerned State Governments so that in years subsequent to 2013-14 of the current Plan, the funds are properly utilized. The Committee also desire that all out efforts should be made by Department of Consumer Affairs so that funds under BIS also do not go unutilized in remaining years of Current Plan.

# Reply of the Government

2.10 The observation of the committee has been noted and in the current year (2014-15) the utilization has been 98.50%. As regards, Weights & Measures, the DGS&D is being pursued regularly and the Government will make every sincere effort to get the funds utilised by the DGS&D. Further, the land for the establishment of new Regional Reference Standards Laboratories at Varanasi, Uttar Pradesh has been finalised and the work shall be initiated shortly.

(O.M. NO.H-11012/5/2014-P&C DATED:17.04.2015)

#### **Recommendation (Serial No. 9)**

#### Checking Food Adulteration

2.11 During the course of examination, the Committee witnessed that issue of rampant adulteration of food items especially milk came up before the Committee in a big way. In this connection, during the course of evidence of the representatives of Department of Consumer Affairs, it was admitted before the Committee that adulteration in milk and milk products, vegetables, dals, masalas has assumed menacing proportions. The Committee have also been informed that since food adulteration is dealt with under Food Adulteration Act being implemented by State Governments and the regulator in this area is Food Standards and Safety Authority of India (FSSAI) under Ministry of Health and Department of Consumer Affairs is apprised of the latest update in this area from time to time. The Committee have also been informed that Department of Consumer Affairs started an initiative with six Departments of Agriculture, Food, Health, Housing, Transport and Finance with a view to focusing the work in these Departments more on the consumer welfare aspects. The Committee have also informed that Department of Consumer Affairs are holding required conferences with State Secretaries/ Food Commissions/Legal Metrology officials in various zones for carrying out drive against defaulters. The Committee are, however, constrained to note that Department of Consumer Affairs are not maintaining data involving food adulteration of essential food items which as per Department of Consumer Affairs are few and far between in Consumer Fora. The Committee recommend that since food adulteration especially in milk has assumed alarming proportions, there is a need to provide for exemplary punishment for offenders. At the same time the Committee desire that relevant

data both at Centre and State Level be maintained in Department to assess the time magnitude of the problem and for evolving mechanism for its redressal.

# Reply of the Government

2.12 This Department has initiated action for developing a strategy to deal with the problem of food adulteration. Centre for Consumer Studies under Indian Institute of Public Administration (IIPA) has been assigned the responsibility to develop an actionable strategy in consultation with the State Governments, FSSAI & other relevant regulators in implementation of the project.

(O.M. NO.H-11012/5/2014-P&C DATED:17.04.2015)

# COMMENTS OF THE COMMITTEE

(Please see Para SI. No.1.19 of Chapter-I of the Report.)

Recommendation (Serial No. 11)

# Consumer Protection Unit (CPU)

Computerization and Computer Networking of Consumer Fora in the Country (CONFONET)

2.13 The Committee's examination has revealed that Consumer Protection Unit (CPU) is implementing four schemes of (i) Consumer Protection Cell (ii) Computerization and Computer Networking of Consumer Fora (CONFONET), Strengthening of Consumer Fora (SCF) and State Consumer Helpline (SCH). The Committee find that major funds are being given for CONFONET, SCF and SCH during 2014-15. In CONFONET, the Committee find that funds are released for Computerization and Computer Networking of Consumer Fora i.e. Consumer Courts at National, State and District level. In this connection, the Committee are dismayed to note that out of 621 District Fora and 36 State Commission, CONFONET is operational only in 510 Districts and as large as 141 Consumer Fora are still unoperational by reason of non-supply of computer hardware. The Committee also find that in Assam, Bihar, Jharkhand, out of 24, 38 and 23

District Fora as large as 23, 26 and 22 District Fora are lying unoperational by non-supply of computer hardware. The Committee have been informed by Department of Consumer Affairs that the project will be fully implemented in all States by the end of 12th Five Year Plan. The Committee apprehend that implementing the CONFONET project by the end of 12th Five Year Plan i.e. 2017 would be too late and it should be completed by the end of 2015 by interacting with concerned States at regular intervals.

(ii) Strengthening Consumer Fora(SCF)

The Committee note with dismay that as huge as Rs. 4705.73 lakh are lying unspent under Strengthening Consumer Fora (SCF) as on 31.10.2014 in different States some of which are as old as 2007-08 onwards. The Committee find that out of Rs. 4705.73 lakh as large as Rs. 2313.78 lakh are unspent upto 2012-13, Rs. 1884.30 lakh pertain to 2013-14, Rs. 1001.40 lakh dates back to 2007-08 and Rs. 507.65 lakh pertain to 2014-15. From the State-wise pendencies, the Committee are constrained to note that Rs. 500.00 lakh and above are pending in States of Bihar and West Bengal. Further Rs. 300.00 lakh and more are lying unspent in Andhra Pradesh, Arunachal Pradesh and Uttar Pradesh. Similarly Rs. 200 lakh and more are lying unspent in Chhattisgarh, Gujarat, Nagaland and Tripura. The Committee feel that accumulation of unspent balance in these States does not at all augur well with the over-all coordination of Department of Consumer Affairs with different State Governments. The Committee, therefore, feel that a task force be set up within the Department of Consumer Affairs to go into the entire issue of unspent balances and find solution thereto in a time bound manner.

# Reply of the Government

2.14 (i) The Department of Consumer Affairs has noted down the recommendations of the Parliamentary Standing Committee as regards CONFONET Project. Out of 644 District Fora and 35 State Commissions, NIC have supplied hardware at 34 State Commissions and 516 District Consumer Forums; and manpower at 34 State Commissions and 475 District Consumer Forums.

(ii) The Department has, in compliance of the recommendations of the Parliamentary Standing Committee, constituted a Task Force to go into the entire issue of unspent balance and find solution in a time bound manner.

(O.M. NO.H-11012/5/2014-P&C DATED:17.04.2015)

# **Recommendation (Serial No. 13)**

#### State Consumer Helpline

2.15 The Committee are constrained to note that out of total grant released upto 2014-15 of Rs. 11.81 crore, as huge as Rs. 6.65 crore are lying unspent out of which as high as Rs. 4.11 crore are lying unspent for want of utilization certificates. From the State-wise break up of unspent balances, the Committee find out that the States with more than Rs. 27 lakh of unspent balances are Andhra Pradesh, Bihar, Chhatisgarh, Haryana, Madhya Pradesh, Odisha, Tamil Nadu, Uttar Pradesh. Further, States with unspent balance of Rs. 20 lakh and above are Arunachal Pradesh, Assam, Himachal Pradesh, Jharkhand, Maharashtra, Manipur, Meghalaya, Nagaland, Telengana, Tripura, Uttarakhand, West Bengal, A&N Islands. The Committee feel that huge unspent balances in different States referred to above speaks volume about the monitoring of Department of Consumer Affairs with State Governments. The Committee, therefore, recommend that a task force be formed within Department of Consumer Affairs for urgent utilization of these unspent balances in a time bound manner.

# Reply of the Government

2.16 Acting upon the recommendations of the Parliamentary Standing Committee, the Department has constituted a Task Force to look into the problems and find solutions for utilization of unspent balance in a time bound manner.

(O.M. NO.H-11012/5/2014-P&C DATED:17.04.2015)

# Recommendation (Serial No. 15)

# Strengthening of Price Monitoring Cell

2.17 The Committee's examination has revealed that Department of Consumer Affairs is implementing Price Monitoring Cell (PMC) in the Department of Consumer Affairs a Plan Scheme (2012-2017) of Strengthening of Price Monitoring Cell as a sub-component of the scheme for Consumer Protection with Twelfth Plan outlay of Rs. 10.81 crore and BE (2014-15) of Rs. 2.00 crore envisaging strengthening of PMCs of Centre as well as States and strengthening services of NIC through infrastructural support, hirina professionals, undertaking commodity specific studies, streamlining process of price data reporting etc. The Committee also find that for the purpose of checking price rise, the Department of Consumer Affairs has detailed out various targets which, inter-alia, include increasing the price reporting centres from 57 to 100 by the end of 12th Plan, enhancing list of essential commodities currently mentioned in the Essential Commodities Act, in view of changing consumption pattern, linking other Departments involved in price data gathering etc. In this connection the Committee find that action has already begun for strengthening PMC of the centre and States and guidelines for financial assistance to States has been cleared, commodity specific study proposals are on pulses and on onions are also under consideration, number of PMC has been increased from 57 to 63, services of professional organizations like Cogenics and Agri match are being subscribed. The Committee are constrained to note that sufficient infrastructure for running the scheme across the country is unavailable. Viewing the progress of work done on PMC, the Committee apprehend that strengthening of PMC may not be completed by the end of Twelfth Plan i.e. by 2017 which is only three years away from now. The Committee, therefore, feel that all out efforts be made to move faster on this Plan Scheme which is directly linked with bread and butter of common man.

# Reply of the Government

2.18 While agreeing to the above suggestion, the recommendation of the Committee has been noted for compliance. It is the constant endeavour of the Government, to achieve the targets by the end of Twelfth Plan i.e. by 2017as suggested. The progress achieved in this regard during the year 2014-15 are as follows:

The total number of reporting centres during the year 2014-15, increased from 57 to 68. States/UTs are requested to come forward with their proposals which are under review and all out efforts are being made to identify and add new reporting centres to achieve the targeted 100 centres during the remaining period of Twelfth Plan i.e. by 2017.

Commodity specific research study on demand-supply analysis, consumption pattern of pulses is in process.

A draft proposal for conducting a study has been prepared on the structural factors behind food price inflation and any measures required thereby.

Cogencis, a professional agency has been consulted to collect wholesale and retail prices at the important market centres so as to enable a comparison/study emanating from these two sources.

Efforts are underway to involve professional agency such as Agriwatch to provide consultation service on price forecasting.

• Officers from this office visited reporting centres for monitoring the prices by reporting centres, and conducted field inspections. Interacted with the concerned people to get the feedback from field workers and discussed the practical problems being faced in the collection and reporting of prices.

During this Financial Year 2014-15, an amount of Rs.16 lakhs was provided to about 4 centres for upgradation in respect of hardware. Proposals for providing IT infrastructure such as computers, printers and UPS for new centres is in process.

IT infrastructure is strengthened at the Centre i.e. at National Informatics Centre (NIC), with an amount of Rs.25 lakh for 2014-15.

Out of the 68 centres 50 centres are doing on-line reporting of prices on daily basis. Efforts are underway for complete on-line reporting of prices.

Apart from the above, future proposals include conducting Regional workshops starting with North-Eastern Region, to conduct more commodity specific demand-

supply studies, to involve professional agencies to provide consultation services such as Agriwatch on price forecasting, regular monitoring the prices by reporting centres, providing training facilities for the staff of PMC as well as to staff at States/UTs and regular field inspections by the staff of PMC. These efforts may help PMC division to achieve the targets towards strengthening of PMC by the end of the Plan Period (2017).

(O.M. NO.H-11012/5/2014-P&C DATED:17.04.2015)

# **Recommendation (Serial No. 19)**

# Setting up of Gold Assaying and Hallmarking Centres

2.19 The Committee note that setting up of Gold Assaying and Hallmarking Centres is a market driven activity and at present there are 311 BIS recognized Assaying and Hallmarking Centres in the country spread across 22 States/UTs only. Thus, as many as 13 States/UTs does not have a single Assaying and Hallmarking Centres. The Committee also note that the Department has received Expression of Interest to set up Assaying and Hallmarking Centres from 65 Applicants and the Department is considering the BIS proposal for enhancing the funds under 12<sup>th</sup> Plan from Rs. 3 crore to Rs. 9.7 crore. The Committee are of the view that the Assaying and Hallmarking Centres should be available in all the States/UTs in the interest of the consumers. The Committee, therefore, recommend that the Department should give preference to those applicants from the States/UTs where no Assaying and Hallmarking Centres is presently available.

# Reply of the Government

2.20 As recommended by the Standing Committee, as and when an application is received from the States/ UTs where no Assaying and Hallmarking Centre is presently available, preference shall be given to such applications.

# (O.M. NO.H-11012/5/2014-P&C DATED:17.04.2015)

# Recommendation (Serial No. 20)

# Scheme on National System of Standardization

2.21 The Committee note that the scheme on National System of Standardization operating under the 11<sup>th</sup> Plan is being continued with an allocation of Rs. 4.40 crore during 2014-15. The Committee further note that the BIS is well equipped to run the scheme and about 88.5% of Indian Standards are harmonized with international standards as on 1<sup>st</sup> April, 2014. There are 918 products covered under BIS product Certification Scheme and 15 Electronics & IT products categories under BIS compulsory Regulation Scheme. Besides 92 products under mandatory Certification, BIS is launching 'Self Direction of Conformity (SDOC)' Assessment scheme for 250 products to ensure that consumers get more number of quality products with BIS Standard Mark. The Committee, therefore, recommend the Department to take prompt action for strengthening of the Scheme and further harmonization of National standards with International Standards. The Committee also desire that instances of fake

ISI mark/ substandard products be checked and reviewed on regular basis and consumers are constantly sensitize about it through awareness programmes.

#### **Reply of the Government**

2.22 BIS, as the National Standards Body of India, has been participating in International Standardization activities and projecting India's interests during the process of development of International Standards.

BIS promotes participation of Indian experts in the international standardization process with a view to protecting Indian trade interest. India has been quite active in some of the technical subjects. India has proposed many new subjects for standardization in ISO and IEC and has provided Project Leaders for their development. Some of these important subjects are related to Rubber and Plastics, Software and Systems, ITeS-BPO, Nanotechnology and Statistics. During current year upto the 3<sup>rd</sup> quarter, ending 31 December 2014, 59 Indian Experts have participated in international standardization.

BIS uses International Standards, wherever they exist as a basis for development of National Standards or harmonizes them with corresponding International Standards. The percentage of Indian Standards harmonized with corresponding available International Standards stands at 89.18 %.

BIS regularly conducts Consumer Awareness Programmes during which consumers are sensitized of fake ISI mark products; and how to distinguish fake products with genuine ISI Mark products. During the current financial year 2014-2015, BIS has conducted 239 such programmes. In addition, consumers are regularly cautioned about misuse of ISI Mark through publicity campaigns. BIS also conducts enforcement search and seizure raids for checking the misuse of ISI Mark on receipt of such information. During 2014-2015, 52 enforcement raids were conducted.

(O.M. NO.H-11012/5/2014-P&C DATED:17.04.2015)

# Recommendation (Serial No. 21)

# Smooth functioning of Consumer Welfare Fund

2.23 The Committee note that the level of funds under the scheme Consumer Welfare Fund has reduced sharply from Rs. 45.80 crore (BE) in 2013-14 to Rs. 15.00 crore (BE) during 2014-15. in this context, the Committee are informed that due to reduced funds from Rs. 9.87 crore in 2013-14 to Rs. 1.27 crore in 2014-15 under the Excise and Salt Act, 1944 and finds imposed by the NCDRC, the allocation has also proportionately reduced during 2014-15. The Committee are concerned as to how the projects administered under Consumer Welfare Fund would progress with given set of reduced funds. The Committee welcome the suggestions received from the Department that big private companies and corporation should be mandated under Companies Act or other legal provision to contribute part of their profit to the National Consumer Welfare Fund and various Corpus Funds being operated by State Governments. The Committee, therefore, recommend the Department of Consumer Affairs to take the steps towards enhancing funds in the Consumer Welfare Funds so as to facilitate smooth functioning of various projects under the scheme.

# **Reply of the Government**

2.24 The steps are being taken towards enhancement of 'Consumer Welfare Fund' in consultation with Organizations concerned.

O.M. NO. H-11012/5/2014-P&C

DATED:17.04.2015

# CHAPTER III

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

# **Recommendation (Serial No. 18)**

3.1 The Committee also find that with a view to insulate the common man from the rise in prices of essential commodities the Government has come out with a Price Stabilization Fund (PSF) with a corpus of Rs. 5,000 crore in this year's budget. The Committee are, however, constrained to note that PSF is at conceptual stage at present. The Committee are unaware about the latest development in this regard. The Committee, therefore, feel that in the interest of common man operationalisation of Price Stabilization Fund (PSF)should be expedited.

# Reply of the Government

3.2 The subject of the Price Stabilization Fund (PSF) is with the Department of Agriculture and Cooperation.

(O.M. NO.H-11012/5/2014-P&C DATED:17.04.2015)

# CHAPTER IV

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

# Recommendation (Serial No. 2)

11th and 12th Plan allocations vis-à-vis expenditure

4.1 The Committee are constrained to note that Department of Consumer Affairs had experienced severe reduction of Plan funds during Eleventh Plan (2007-12) and Twelfth Plan (2012-17) at the hands of Planning Commission to the extent of Rs. 400 crore and Rs. 1277.36 crore. The Committee have been informed by the Department of Consumer Affairs that huge reduction of Plan outlay during Twelfth Plan would severely affect and slow down the implementation of the on-going and new schemes. The Committee also find that the reduction imposed in Plan allocation has been as high as one-fourth during 11th Plan and even greater than half during 12th Plan. In Committee's opinion, already a few funds had been made available with Department of Consumer Affairs for the mammoth task of consumer awareness and consumer rights. The Committee, therefore, are very much concerned with acute shortage of funds available with Department of Consumer Affairs and recommend that the issue be taken up with Planning Commission and outcome be apprised to them before examination of next Demands for Grants.

# Reply of the Government

4.2 As stated in the recommendation of the Hon'ble Committee above, the allocation of Plan Fund for the 12th Plan has been substantially reduced against the proposals of this Department. The allocationsagainst proposal for annual budgetary provisions are finally determined by the Department of Expenditure; however, the overall plan allocations of the annual budgetary provisions are normally equal to the total plan allocation for the plan period. However, the issue of increasing the plan allocation for the 12th Plan period will need to be taken up with the NITI Aayog appropriately.

(O.M. NO.H-11012/5/2014-P&C DATED:17.04.2015)

# COMMENTS OF THE COMMITTEE

(Please see Para SI. No.1.10 of Chapter-I of the Report.)

# **Recommendation (Serial No. 8)**

4.3 The Committee are alarmed to note that as per Department of Consumer Affairs' own impact assessment of JagoGrahakJago (JGJ) Campaign conducted in 12 States as high as 39 percent consumers surveyed in rural areas and 35 percent consumers in urban areas are unaware about the 'JGJ' Campaign. The Committee feel that this has put a big question mark on the overall preparedness about the Consumer Awareness drive launched by Department of Consumer Affairs. The Committee, therefore, conclude that Consumer Awareness has not at all reached at the door step of common man both in rural and urban areas which the Department of Consumer Affairs claims to have been spreading through a multi-media campaign through newspapers, television, radio, utility bills, railway tickets etc. In this connection, the Committee have been informed that a Inter-Ministerial Empowered Committee is working on it and synchronizing the efforts of other Ministries in the action plan for JGJ Campaign. The Committee also find that Department of Consumer Affairs has conceded with the Committee that there is an urgent need to build consumer awareness in rural areas and in that direction, a new scheme, 'GrahakSuvidha Kendra' has been started as a pilot project wherein a host of services like creating consumer awareness, dissemination of information, grievance redressal, assistance in filing cases in consumer courts have been put together under one roof. The Committee feel that with a view to making the 'GrahakSuvidha Kendra' programme as people's programme, there is a need to associate in this drive all State Governments/UT Administrations schools, Panchayat Raj Institutions, NGOs etc. in a time bound and result oriented manner. To achieve this objective, it should be made obligatory for every shop/business establishment to prominently display the address and contact number of the authority to whom the consumer may file their complaints or suggestions.

# **Reply of the Government**

4.4 To take the campaign to the grassroot level the Department has been using Doordarshan& All India Radio for spreading its awareness messages. In this direction Department has also involved Community Radio which mostly cover Rural Areas for disseminating of consumer awareness messages.

(O.M. NO.H-11012/5/2014-P&C DATED:17.04.2015)

# COMMENTS OF THE COMMITTEE

(Please see Para SI. No.1.16 of Chapter-I of the Report.)

# **Recommendation (Serial No. 10)**

# Checking of misleading advertisements

4.5 The Committee's examination has revealed that large number of misleading advertisements are being aired on radio and TV and are available in daily newspapers playing havoc with the lives of lakhs of consumers. The Committee have been informed that as many as 1500 misleading advertisements have been listed by the Department of Consumer Affairs pertaining to six to seven Departments which pertain to problems in the areas of food, health, telecom etc. In this connection, the Committee's examination has revealed that complaints against as many as 30 advertisements in health sector and as many as 20 advertisements in education sector have been upheld by Advertisement Standard Council of India (ASCI) as these advertisements have found to have violated the law of the land.

With regard to prevention of misleading advertisements being aired on TV and radio, the Committee have been informed by Department of Consumer Affairs that powers of Government are very limited and Ministry of Information and Broadcasting does issue notice to erring agencies and ask them to suspend the advertisements immediately but it has not been effective. Press Council of India/ASCI tries to take action against them. The Committee have also been informed that very soon the Government plans to open a portal where consumers can drop their consumer related complaints against these misleading advertisements besides an Inter-Ministerial Group has been constituted on the issue and Consumer Protection Act is being amended to give Government adequate powers to take action against those who indulge in misleading advertisements. In this context, the Department of Consumer Affairs has also opined that the problem has to be addressed together by Government of India, State Governments both at Centre and State level.

The Committee feel that although the Government has limited powers on the issue yet they feel that role of Ministry of Information and Broadcasting as also of regulators like Press Council of India/Advertisement Council of India is almost nil as misleading advertisements are unabatedly appearing in newspapers. The Committee, therefore, feel that the issue should be taken up with concerned Ministries and regulators for swift action in this regard. At the same time the Committee feel that steps like opening of portal for registering consumer complaints and amending Consumer Protection Act be taken up without further loss of time. The Committee also feel that as opined by Department of Consumer Affairs there is an urgent need to work together on this issue equally by Centre and State Governments.

# Reply of the Government

**4.6** Two meeting of Inter- Ministerial Group were held on 18.07.2014 & 28.10.2014. As recommended by the IMG, the Department has taken up the specific complaints with respective regulators. As a result of which UGC has

posted the information about fake/ unapproved institutes on its website. Similarly Drugs Controller (DCGI) has taken up with states to take action against the offenders and submit information to the Directorate General of Health Services. The portal for addressing the problem of misleading advertisements namely Grievance against Misleading Advertisements (GAMA) is proposed to be launched on 18.03.2015.

(O.M. NO.H-11012/5/2014-P&C DATED:17.04.2015)

#### COMMENTS OF THE COMMITTEE

(Please see Para SI. No.1.22 of Chapter-I of the Report.)

# CHAPTER V

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

# Recommendation (Serial No. 7)

(i) Consumer Awareness (Publicity)

5.1 The Committee while reviewing the schemes of Consumer Awareness (Publicity), find with dismay that out of major schemes of Department of Consumer Affairs lakhs of rupees have been shown as unspent for want of Utilization Certificates in almost all States/UTs in the country some of which are six to seven years old. The Committee find that States with unspent amount as large as Rs. 40 lakh and above are Andhra Pradesh, Madhya Pradesh, Odisha, Tamil Nadu. The Committee also find that States with more than Rs. 25 lakh and above unspent amount are Andhra Pradesh, Chhattisgarh, Jharkhand, Karnataka, Kerala (Special Project), Assam and Arunachal Pradesh. Further, the States with more than Rs. 15 lakh and above unspent amount are Bihar, Himachal Pradesh, Kerala, Maharashtra, Odisha, West Bengal, Tripura, Nagaland and Jammu & Kashmir. Finally, the Committee find that States with more than Rs. 10 lakh as unspent amount are Rajasthan, Meghalaya and Mizoram. The Committee feel that requesting more funds from Planning Commission, Standing Committee on Parliament and the Cabinet Secretary would not serve any purpose unless the entire issue of unspent balances in different States referred to above is taken up by Department of Consumer Affairs with concerned State Governments for mopping up necessary resources for Consumer Awareness. The Committee, therefore, recommend that a task force be set up with the Department of Consumer Affairs for expeditious reexamination of the issue and the Committee may be apprised about the progress made in this regard at the time of next Demands for Grants.

# Reply of the Government

5.2 The Department has allotted cluster of states to individual DS/ Directors for pursuing with states about pending UCs. The Department has also pursued vigorously with states by writing letters to States/UTs. This Department has recently sent reminder on 08.01.2015 to the Statesconcerned to submit the pending UCs. The current status of pending UCs is enclosed.

Current Position of pending utilization certificates of grant-in-aid from 2006-07 to 2012-13

	Name of States/ Union Territories	upto 2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	Total Pending Utilisation Certificate
1	Andhra Pradesh				46.00	34.50		80.50
	Arunachal							
2	Pradesh						32.00	32.00
3	Assam	0.07						0.07
4	Bihar	23.13						23.13
5	Chhattisgarh						30.00	30.00
6	Goa					1.04	2.34	3.38
7	Haryana	0.15						0.15
	Himachal			4.40			15.00	00.00
8	Pradesh Jammu &			4.18			15.82	20.00
9	Kashmir	17.50						17.50
10	Jharkhand	27.50						27.50
11	Karnataka	27.00						27.00
12	Kerala	21.00			0.75	52.00		52.75
13	Madhya Pradesh	9.59					40.41	50.00
14	Maharashtra	17.18		4.00				21.18
15	Manipur	11.25						11.25
16	Meghalaya					10.50		10.50
17	Nagaland						22.00	22.00
18	Orissa		17.14	40.80				57.94
19	Punjab						40.00	40.00
20	Rajasthan	10.78		2.75				13.53
21	Uttar Pradesh	8.75						8.75
22	Uttrakhand	16.25						16.25
23	West Bengal	2.23				0.16		2.39
24	Delhi (UT)	8.30						8.30
25	Puducherry (UT)	1.25					8.00	9.25
26	Chandigarh (UT)	6.25						6.25
	Daman & Diu							
27	(UT)	2.50						2.50
20	Dadar & Nagar			2.00	2.00			1.00
28	Haveli(UT) Lakshadweep			2.00	2.00			4.00
29	(UT)	1.25						1.25
	TOTAL	190.93	17.14	53.73	48.75	98.20	190.57	599.32

(O.M. NO.H-11012/5/2014-P&C DATED:17.04.2015)

# **Recommendation (Serial No. 12)**

# (iii) Strengthening of Consumer Fora (SCF)

5.3 The Committee are dismayed to note that as huge as 74,332 cases are pending in Consumer Courts as on 30.06.2014 out of which as huge as 57,397 cases are pending in district courts, followed by 14,131 cases pending at State Commissions and 2804 cases are pending even in National Commission. The Committee feel that as a result of large number of pendencies at different levels, the common man has lost faith in these consumer courts. In this connection the Department of Consumer Affairs have themselves admitted before the Committee that disposal rate needs improvement and quick disposal of cases is desirable for reposing the faith of the common man on these consumer courts. The Department of Consumer Affairs have also conceded before the Committee that neither the Ministry of Consumer Affairs, Food and Public Distribution at national level nor State Governments at State level has any administrative control over disposal of cases. The Committee have also been informed the about some structural difficulties in legislative framework which the Department of Consumer Affairs is trying to address. The Committee have been informed that Consumer Protection Amendment Bill, 2014 is to be introduced in Parliament shortly. The Committee feel that necessary legislation is need of the hour and should be enacted at the earliest so that common man's faith in consumer courts is restored.

# Reply of the Government

5.4 The Consumer Protection Bill, 2015 has been finalized. It is expected to be introduced in the Budget Session, 2015 of the Parliament.

(O.M. NO.H-11012/5/2014-P&C DATED:17.04.2015)

# COMMENTS OF THE COMMITTEE

(Please see Para SI. No.1.25 of Chapter-I of the Report.)

# Recommendation (Serial No. 14)

# Weights and Measures

5.5 The Committee's examination has revealed that upto 2014-15 as huge as Rs. 58.86 crore are lying unspent under one of the important scheme of Department of Consumer Affairs i.e. Weights and Measures. From the Statewise break up of unspent balances, the Committee find that States with unspent balances of more than Rs. 4 crore are Uttar Pradesh (Rs. 9.62 crore), Karnataka

(Rs. 5.62 crore) and Tamil Nadu (Rs. 4.37 crore). The Committee also find that States with unspent balances of Rs. 2.00 crore and more are Nagaland (Rs. 3.78 crore), Madhya Pradesh (Rs. 2.57 crore), Jharkhand (Rs. 2.48 crore) and Andhra Pradesh (Rs. 2.31 crore). The Committee also find that these unspent balances have been accumulated since 2009-10 onwards. The Committee, therefore, feel that necessary monitoring for utilization of unspent balances was not at all available with Department of Consumer Affairs during all these years. The Committee, therefore, feel that a task force be set up within the Department of Consumer Affairs which should look into the issue of unspent balances in all the schemes including the scheme of Weights and Measures so that the much needed funds are utilized.

# Reply of the Government

5.6 Yes, the Government will make every sincere effort to get the funds utilised by the State Governments at the earliest. Regular follow up with the State Governments/UTs to expedite the process of acquiring land and constructing laboratory building will be made through letters, meetings and conferences etc.

# (O.M. NO.H-11012/5/2014-P&C DATED:17.04.2015)

# Recommendation (Serial No. 16)

5.7 The Committee's examination has also revealed that rise in prices of essential commodities viz. foodgrains, pulses, edible oil, vegetable especially potatoes, onion and tomato in the country due to variety of reasons like anticipation of deficient rains with possible shortfall in production, increase in transportation cost, supply constraints like storage facilities for fruits and vegetables and artificial shortage created through hoarding and black marketing. The Committee have been informed that with a view to contain price rise, the Department of Consumer Affairs has claimed to have taken number of steps like reducing Minimum Export Price of potatoes and onions from end of July, 14 to August, 2014 due to reasons like good arrivals and nearly steady wholesale price, advising States to allow free price movement of fruits and vegetables by delisting them from APMC Act, advising State Governments to be tough with black marketers and hoarders, asking them to increase the period of detention from six months to one year, making the offence of black marketing a nonbailable offence, imposing a stock limit in respect of onion and potatoes for one year w.e.f. 3rd July, 2014 etc. In this connection the Committee are constrained to note that all the State Governments/UTs have failed to submit their decision to Department of Consumer Affairs on Essential Commodities Act as also on Prevention of Blackmarketing and Maintenance of Supplies of Essential Commodities Act as requested by Department of Consumer Affairs in May, 2014.

The Committee feel that real test lies with implementation of these measures in coordination with State Governments. Therefore, the Committee recommend that all the measures narrated above need to be pursued vigorously with State Governments so that common man gets essential commodities of daily needs at affordable prices.

# Reply of the Government

5.8 While agreeing to the above suggestion and noting the importance, in the conference of Ministers of Consumer Affairs, Food & Public distribution of States/UTs held on 4<sup>th</sup> July 2014 at New Delhi, the Government of India and the State Governments agreed for working together and felt there was a need for an Action Plan and its effective implementation over the next six months. This Action Plan includes for effective operations against hoarders and black-marketers to be taken and emphasized for these steps should be swift and visible. As a follow-up of the resolutions passed in the National Conference, Government has issued D.O letters and reminders to all the State Governments and UTs to submit the Six Monthly Action Plan on 8.7.2014, 9.7.2014, 10.7.2014 and 12.9.2014. Last reminder was sent on 22.12.2014. So far only a few States/UTs have furnished their reply. Government is still pursuing the matter with the State Governments and UTs.

(O.M. NO.H-11012/5/2014-P&C DATED:17.04.2015)

# Recommendation (Serial No. 17)

5.9 The Committee while going into the reasons behind price rise of essential commodities find that as there are structural constraints on supply side, prices of essential commodities are largely risen from July to December every year when important festivals like Id-ul-fitr, Deepawali, Christmas are celebrated and intermedietiaries in markets play a disproportionally important role in controlling availability of commodities. In this connection two welcome suggestions have come up before the Committee arising out of Conference of Food Ministers of State Governments held on 4th July, 2014. One is drawing of an action plan for maintaining adequate supplies of essential commodities at reasonable prices by each State Government and its monitoring by the centre and second, establishment of a common National Market. The Committee also find that a time frame of six months has been prescribed for this purpose. Since the time frame for that purpose is already over on 4th December, 2014, the Committee desire action taken be communicated to them for arriving at logical conclusions.

# Reply of the Government

5.10 In the conference of Ministers of Consumer Affairs, Food & Public Distribution of States/UTs held on 4<sup>th</sup> July, 2014 at New Delhi, Government of India and the State Governments have noted the importance of working together and agreed to six months action plan. As a follow-up of the resolutions passed in the National Conference, Government has issued D.O letters and reminders to all the State Governments and UTs to submit the Six Monthly Action Plan on 8.7.2014, 9.7.2014, 10.7.2014 and 12.9.2014. Last reminder was sent on 22.12.2014 requesting for an early response and to prepare action plan for 2015 to enable the Government to ensure preparedness for moderating food price rise during July to December 2015. So far only a few States/UTs have furnished their reply. Government is still pursuing the matter with the State Governments and UTs. The subject of the Common National Market is with the Department of Agriculture and Cooperation.

# (O.M. NO.H-11012/5/2014-P&C DATED:17.04.2015)

New Delhi <u>09 June, 2015</u> 19 Jyaistha, 1937 (Saka) J C DIVAKAR REDDY, Chairperson, Standing Committee on Food, Consumer Affairs and Public Distribution.

# **APPENDIX I**

MINUTES OF THE FOURTEENTH SITTING OF THE STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION (2014-15) HELD ON TUESDAY, 2 JUNE, 2015

The Committee sat from 1100 hrs. to 1140 hrs. in Committee Room No. '139', First Floor, Parliament House Annexe, New Delhi.

#### PRESENT

Shri J C Divakar Reddy

Chairperson

# Members Lok Sabha

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- 2. Shri Dharmendra Kumar
- 3. Smt. Sakuntala Laguri
- 4. Dr. Sakshi Maharaj
- 5. Shri Sunil Kumar Mondal
- 6. Smt. Priyanka Singh Rawat
- 7. Shri Bhola Singh
- 8. Shri Brij Bhusan Sharan Singh
- 9. Shri Nandi Yeliaiah

#### Rajya Sabha

- 10. Dr. Bhushan Lal Jangde
- 11.Dr. K.K.Ragesh
- 12. Shri Dhiraj Prasad Sahu
- 13. Shri Veer Singh

#### SECRETARIAT

1. Shri P.K.Misra -	Additional Secretary
2. Shri A.K.Shah -	Director
3. Shri Lovekesh Kumar Sharma -	Additional Director
4. Shri Khakhai Zou -	Under Secretary

At the outset, Hon'ble Chairperson welcomed the Members to the Sitting of the Committee convened for consideration of following Memoranda:-

(i) XXXX XXXX XXXX XXXXX

(ii) Memoranda No. 3 containing Draft Report (Chapter-I) on action taken by the Government on the observations/recommendations contained in 2nd Report on Demands for Grants (2014-15) pertaining to Department of Consumer Affairs.

2. Thereafter the Committee took up for consideration the above Memoranda containing the Draft Reports one by one. The Committee unanimously adopted both the draft Reports without any amendments.

3. The Committee then authorized the Chairperson to finalize the aforesaid Draft Reports and present the same to Parliament in the next Session of Parliament.

The Committee then adjourned.

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XXXX Matter not related to the Report.

#### APPENDIX II

(*Vide* Para No. 4 of Introduction of the Report)

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE OBSERVATIONS/RECOMMENDATIONS CONTAINED IN THE SECOND REPORT OF THE STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION (2014-15)

## (SIXTEENTH LOK SABHA)

(i) Total number of Recommendations: 21

(ii) Observations/Recommendations which have been accepted by the Government:

Serial Nos.:- 1, 3, 4, 5, 6, 9, 11,13, 15, 19, 20 and 21.

(Chapter – II, Total - 12)

Percentage : 57.14%

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

Serial Nos. 18.

(Chapter – III, Total - 1)

Percentage : 4.76%

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

Serial Nos. 2, 8 and 10.

(Chapter – IV, Total -3)

Percentage : 14.29%

(v) Observations/Recommendations in respect of which the interim replies of the Government have been received.

Serial No.:- 7, 12, 14, 16and 17

(Chapter – V, Total - 5)

Percentage : 23.81%