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STANDING COMMITTEE ON  
FOOD, CIVIL SUPPLIES AND  
PUBLIC DISTRIBUTION  
(1995-96)

TENTH LOK SABHA

MINISTRY OF CIVIL SUPPLIES, CONSUMER  
AFFAIRS AND PUBLIC DISTRIBUTION

DEMANDS FOR GRANTS (1994-95)

5

NINTH REPORT



सत्यमेव जयते

LOK SABHA SECRETARIAT  
NEW DELHI

*May, 1995/Vaisakha, 1917 (Saka)*

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MINISTRY OF CIVIL SUPPLIES, CONSUMER  
AFFAIRS AND PUBLIC DISTRIBUTION  
-DEMANDS FOR GRANTS (1994-95)

[Action Taken by Government on the Recommendations contained in the Sixth  
Report of the Standing Committee on Food, Civil Supplies and Public  
Distribution on the Demands for Grants, (1994-95) of Ministry of Civil  
Supplies, Consumer Affairs and Public Distribution]



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

LOK SABHA SECRETARIAT  
NEW DELHI

May, 1995/Vaisakha, 1917 (Saka)

**F.C.S. & P.D. No. 9**

*Price : Rs. 12.00*

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Published under Rule 382 of the Rules of Procedure and Conduct of Business in Lok Sabha (Seventh Edition) and printed by M/s. Akashdeep Printers, 20 Ansari Road, Daryaganj, New Delhi-110002.

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COMPOSITION OF THE STANDING COMMITTEE ON FOOD, CIVIL  
SUPPLIES AND PUBLIC DISTRIBUTION  
(1995-96)

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Shri Shyam Bihari Misra

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(iv)

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44. Smt. Chandra Kala Pandey

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2. Smt. Roli Srivastava – *Joint Secretary*
3. Shri T.R. Sharma – *Deputy Secretary*
4. Shri A.S. Chera – *Assistant Director*

## INTRODUCTION

I, the Chairman of the Standing Committee on Food, Civil Supplies and Public Distribution (1995-96) having been authorised by the Committee to submit the Report on their behalf, present this Ninth Report, on Action Taken by Government on the recommendations contained in the Sixth Report of Committee (Tenth Lok Sabha) on Demands for Grants (1994-95) of the Ministry of Civil Supplies, Consumer Affairs and Public Distribution.

2. The Sixth Report was presented to Lok Sabha/Laid in Rajya Sabha on 26 April, 1994. The Government furnished their replies indicating Action Taken on the recommendations contained in the Report on 21 October, 1994. The draft Action Taken Report was considered and adopted by the Standing Committee on Food, Civil Supplies & Public Distribution (1995-96) at their sitting held on 24 April, 1995.

3. An analysis of action taken by Government on the recommendations contained in the Sixth Report of the Standing Committee on Food, Civil Supplies and Public Distribution (Tenth Lok Sabha) is given in Appendix II.

NEW DELHI;  
April 28, 1995  
Vaisakha 8, 1917 (Saka)

SHYAM BIHARI MISRA,  
*Chairman,*  
*Standing Committee on Food, Civil*  
*Supplies & Public Distribution.*

## CHAPTER I

### REPORT

1.1 This Report of the Standing Committee on Food, Civil Supplies and Public Distribution deals with the Action Taken by Government on the recommendations contained in their Sixth Report (10th Lok Sabha) on Demands for Grants (1994-95) of Ministry of Civil Supplies, Consumer Affairs and Public Distribution.

1.2 The Report was presented to Lok Sabha/Laid on the Table of Rajya Sabha on 26 April, 1994. It contained 9 observations/recommendations.

1.3 Action Taken Notes in respect of all the 9 observations/recommendations contained in the Report have been received and have been categorised as follows:-

- (i) Recommendations/Observations which have been accepted by the Government:  
Para Nos. 2.16, 2.42 (Total 2—Chapter II)
- (ii) Recommendations/Observations which the Committee do not desire to pursue in view of the Government's reply:  
Para Nos. 2.24, 2.36 (Total 2—Chapter III)
- (iii) Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee:  
Para Nos. 2.8, 2.12, 2.17, 2.39 (Total 4—Chapter IV)
- (iv) Recommendations/Observations in respect of which final replies of the Government are still awaited:  
Para No. 2.31 (Total 1—Chapter V)

1.4 The Committee need hardly emphasise that utmost importance should be given to the implementation of recommendations accepted by the Government. In cases where it is not possible for the Government to implement the recommendations in their letter and spirit for any reasons, the matter should be reported to the Committee in time with reasons for non-implementation.

1.5 The Committee desire that final reply in respect of the recommendation contained in Chapter V of the Report for which only interim reply has been given should be furnished to the Committee expeditiously.

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

**PAYMENT TO MAHARASHTRA STATE COOPERATIVE BANK  
AGAINST CENTRAL GOVERNMENT GUARANTEE GIVEN IN  
RESPECT OF LAXMI CONSUMER COOPERATIVE  
WHOLESALE & RETAIL STORE LTD.**

**Recommendation (Para No. 2.8)**

1.7 Criticising the manner in which the Ministry tackled the issue of extending guarantee to the Laxmi Consumer Cooperative Wholesale & Retail Store Ltd., Bombay in 1977-78 under Central Government Cash Credit Guarantee Scheme, the Committee had observed:—

“The Committee note that the Central Government had given the guarantee to Laxmi Consumer Cooperative Wholesale & Retail Ltd. on the recommendations of Board of Directors of the Cooperative Store and the State Government. The Committee fail to understand as to why the Central Government did not go into the financial position of the Store before standing the guarantee. This lapse on the part of the Government has cost the exchequer a sum of Rs. 15.40 lakhs. The Committee hope that the Government will take due precaution in future in standing guarantee and evolve a sound and effective monitoring system to avoid recurrence of such losses. The Committee recommend that the Ministry should examine whether a provision made in the agreement to pledge securities as a set off against the guarantee will be helpful in recovering the amount in such cases and all possible efforts should be made to recover the amount paid to the Bank without any further delay, in this case.”

1.8 The Ministry in their Action Taken reply have stated:—

“According to the prescribed procedures in such cases the accounts of the Society for the preceding 4 years (out of which accounts for 2 years are audited ones) are examined before any guarantee is accorded. These accounts are also verified by the Registrar of Cooperative Societies. After the recommendation of the Registrar of Cooperative Societies, Central Government provides guarantee. In this case also, the assessment of the financial position of the store at that time (*i.e.* during 1977-78) was made on the basis of the facts submitted by the store and the Registrar of Cooperative Societies, Maharashtra.

In so far as the system of monitoring and control over the scheme is concerned, the scheme itself provides that society shall furnish quarterly progress report to the Ministry. The financing bank has to intimate from

time to time the quarterly outstanding figures. The Ministry is now monitoring and examining the quarterly progress reports more minutely.

The Central Government is providing guarantee only to viable and sound working societies. Guarantee fee of 1% is charged on every guarantee sanctioned. The State Governments have also been requested to introduce the guarantee scheme. The Government of India is not extending guarantees in those States where the State Governments are operating their own guarantee scheme.

It may be mentioned that Laxmi Consumer Cooperative Wholesale and Retail Ltd. was the only case of default out of the 665 cases of guarantees given by this Ministry during the last 28 years.

The Government of Maharashtra has been asked to intimate the name and address of the Liquidator of the Store so that they may be approached to make good the amount paid out of the sale proceeds of the assets of the Store.

The suggestion to pledge the securities as a set off against the guarantee is being processed."

1.9 The Ministry in their subsequent note have stated:-

"Government of Maharashtra has been requested to instruct the liquidator to arrange to repay the amount paid by the Government of India to the Maharashtra State Cooperative Bank against invocation of Central Government Guarantee out of the recoveries made by the disposal of assets of the Laxmi Consumer Cooperative Wholesale and Retail Store Ltd., Bombay.

The Directorate of Marketing, Government of Maharashtra has informed this Ministry that instructions have already been issued to the concerned officials for taking necessary action in this behalf and on hearing from them further report will be submitted to Government.

The report from the Directorate of Marketing, Government of Maharashtra is still awaited."

**1.10 The inordinate delay on the part of the Government to recover the amount paid by them to the Maharashtra State Cooperative Bank against invocation of Central Government Guarantee out of the recoveries made by the disposal of assets of Laxmi Consumer Cooperative Wholesale and Retail Store Ltd. is deplorable. Sincere efforts in this direction does not seem to have been made. Further, no final decision has yet been taken on the suggestion of the Committee to pledge the securities as set off against the guarantee.**

Reiterating its earlier recommendation, the Committee urge the Government to take speedy action for realising the amount paid to the Bank out of the recoveries made by the disposal of assets of the Laxmi Consumer Cooperative Wholesale and Retail Store Ltd., Bombay. The Committee would also like to know whether the Central Government Cash Credit Guarantee Scheme, the term of which was to expire on 31.3.1995 has since been renewed and whether suggestion of the Committee regarding making a provision in the agreement to pledge securities as a set off against the Guarantee has been considered and incorporated in the agreement.

#### Voluntary Retirement Scheme to PSUs D.3(4) (IV-HVOC)

##### Recommendation (Para No. 2.12)

1.11 Emphasising the need for immediate revamping/restructuring the HVOC, the Committee had observed as follows:-

The Committee note that HVOC is continuously incurring cash losses since 1991-92 and the Ministry has a proposal to retire 1146 persons under Voluntary Retirement Scheme. So far 651 persons have sought Voluntary Retirement. The Committee hope that the employees will be encouraged to seek retirement and the Ministry will be able to achieve its target early.

The Committee recommend that the decision on the proposal for revamping/restructuring HVOC, with a view to revamp the corporation and to make its operations viable should be taken immediately and implemented in *letter and spirit*. The Committee also hope that a decision to invite private parties for outright sale, lease or joint participation in the units at Bombay, Calcutta, Bangalore and Delhi will be expedited.

1.12 The Ministry in their Action Taken reply have stated:

##### *I. Implementation of Voluntary Retirement Scheme*

As already reported to the Committee, 650 employees of HVOC have already retired under the Voluntary Retirement Scheme upto 31st March, 1994 since the inception of the Scheme, out of which 506 employees availed of VRS in 1993-94.

Under the Voluntary Retirement Scheme, only persuasive methods are adopted to encourage the employees to avail of the benefits of the scheme. Keeping this in view, the management at Corporate as well as Units level has been making sustained efforts to persuade employees through frequent meetings with the labour leaders and employees unions. However, with more than 25% of the total man-power having availed of the VRS, the position at this stage is almost saturated and the pace of implementation of the Scheme, despite hectic efforts

by the management, is unlikely to be the same as before. However, all efforts are being made by the management to persuade as many employees as possible to volunteer for the Scheme.

In order to arouse interest and urgency amongst the employees towards the Scheme, it is implemented intermittently instead of keeping it open continuously. During the year 1994-95, the VRS was reopened for the period from 15th June, 1994 to 31st July, 1994. During this period offers for retirement under the Scheme were received from 19 employees, of whom retirement of 17 employees has been approved and remaining two are under process.

## *II. Revamping/Restructuring of HVOC*

The matter regarding revamping/restructuring of HVOC to make its operations viable has been under consideration of this Ministry for quite sometime. However, when a number of proposals for modernization of the existing vanaspati units were not found viable in the present scenario of edible oil and vanaspati industry in the country, a proposal was put up by Ministry to the Government for merger of HVOC with another Government body having identical operations like STC/MMTC/NDDDB or to consider privatization of the Corporation. This proposal was considered by the Government on 25th July, 1994, the Government while deferring the proposal directed the Ministry to have discussions with all concerned to explore the possibility of taking over of HVOC by NDDDB or taking the factories of the Company on lease to ensure gainful continuation of the activities of HVOC follow up action on the directives of the Government is in progress.

1.13 The Ministry in their subsequent note have stated:-

“The matter regarding revamping of HVOC is presently under the active consideration of this Ministry. After the proposal for merger of HVOC with NDDDB was declined various avenues for revival of the company are being explored so as to make its operations viable. A modernisation plan is under preparation by HVOC in this regard.”

1.14 Since 1991-92, HVOC is continuously incurring losses. During 1993-94 HVOC suffered a loss of Rs. 10.25 crores. The matter of revamping HVOC has been defying any solution for the past several years and causing exchequer heavy losses. The Committee recommend that a time bound plan should be formulated and implemented about revamping HVOC without further loss of time. The Committee would also like to know the latest position about the implementation of the recommendations made by the Goswami Committee constituted in July, 1992 to suggest possible restructuring/revamping of the HVOC.

The Committee also recommend that a Committee should be appointed to explore the possibility of reimbursement of losses and of providing total

**tax exemption to those units of HVOC which are running in losses so as to mitigate their losses as these units are serving the cause of the poor masses by way of supplying edible oils being distributed under PDS.**

**Awareness Programme including training and education**

**Recommendation (Para No. 2.17)**

1.15 Stressing on the need for creating awareness among the masses, about their rights as consumers the Committee had observed:

The Committee also recommend that the literature in this regard, besides Hindi and English, should be published in regional languages also and distributed among the masses. Efforts should be made to provide training to the rural masses through panchayats and other departments.

1.16 The Ministry in their Action Taken reply have stated:

“At present, the Ministry prepares the literature in English and Hindi only and copies of such literature are sent to all the State Governments for wide circulation in regional languages. However, video materials are prepared in all the regional languages and sent to the State Governments for publicity purposes.

The Ministry has a scheme to provide training to the consumer activists and consumer organizations and is taking the assistance of the National Institute of Rural Development to provide training to the consumer activists in rural areas. This year, the Ministry proposes to conduct four such training programmes.”

1.17 The Committee note that Union Government prepare video materials but the task of circulating literature in regional languages has been passed on to the State Governments without any monitoring by the Union Government. The Committee, therefore, reiterate their earlier recommendation and desire that the Ministry of Civil Supplies, Consumer Affairs and Public Distribution should ensure that such literature is circulated among masses in regional languages either by State Governments or by Union Government.

**Excise Duty Relief to Consumers**

**Recommendation (Para No. 2.39)**

1.18 Criticising the tendency of the industries not to pass on the excise duty concessions to the consumers, the Committee had observed:

“The Committee do not concur with the views of the Ministry that the excise concessions have not been passed on to the consumer as no machinery

exists to monitor such a mechanism. Excise concession is not a new phenomenon. In the past also, such reliefs have been given. The Committee are of the view that concessions are primarily announced for the consumers. The cornering of such excise concessions by manufacturers amounts to their illegal enrichment. In spite of identification of such industries by BICP, the failure of the Government to proceed against them is a negation of the purpose for which the study was commissioned. The Committee recommend that Government should examine the feasibility of taking legal action against the industries who have not passed such concession to the consumers."

1.19 The Ministry in their Action Taken reply have stated:

"In the budget of 1993-94 large duty concessions were announced covering variety of products. In the meeting with the Minister of Civil Supplies, the industry associations claimed that duty concessions were being passed on to the consumers. This claim was disputed by the consumer organizations. As this Ministry did not propose any infrastructure to verify these claims, it requested the BICP to conduct a quick sample study on some ten items to see whether the duty concessions had actually been passed on to the consumer. The BICP conducted study on these ten items in 41 brands and 138 packsizes/varieties covering 101 industries. According to the report, the industries relating to cosmetics, drugs and man-made fibres have not passed on the benefits of duty concessions in full.

The report was forwarded to the concerned Ministries for taking action against the erring industries. The issue was also taken up with the Ministry of Finance. However, these Ministries stated that under the legislation administered by them, there is no provision to take action against such erring industries.

The Ministry's role with regard to the issue is three fold, namely:

- (i) to generate consumer awareness regarding excise duty concessions announced in the budget of 1993-94. The Ministry has done that well.
- (ii) to persuade the industries to pass on the benefits voluntarily to the consumers. As a result of persuasion by this Ministry many industries have done this.
- (iii) to bring the fact to the notice of the administrative Ministries and to persuade them to take action. The Civil Supplies Ministry has brought the BICP report to the knowledge of the Ministries of Finance, Industry, Chemicals and Fertilizers, Textiles who are concerned with the industries referred to in the BICP report."

1.20 The Committee note that the excise concessions given to the industry do not percolate to the consumers, however, the industry associations claim that duty concessions were being passed on to the Consumers. The Committee also note that the concerned Ministry and even the Ministry of Finance have shown their helplessness in taking action against the industry/companies, who have failed to pass on the excise duty concession to the consumers. The Committee in their Eighth Report also have *inter-alia*, recommended that Government should review expeditiously the relevant Acts and Rules and bring out some suitable legislation to safeguard the interests of the consumers". The Committee observe that there is a need to expedite this exercise as giving concession again to those industries/companies is absolutely meaningless which have failed to pass on these concessions to the consumers during the past years. There is also an apprehension that the industries and units may even lower prices initially amidst much fanfare but effect hikes soon on some pretext or the other. The Committee also recommend that provision to this effect should be made in the relevant Acts & Rules.

## CHAPTER II

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

#### Recommendation (Para No. 2.16)

The Committee note that as against a provision of Rs. 1 crore in the Budget for 1993-94, no expenditure was incurred for awareness programme including Training and Education during the year as the Consumer Welfare Fund Rules could be notified by the Ministry of Finance only on 27th January, 1994. The Committee recommend that sincere efforts should be made in the current year for consumer awareness. Special emphasis should be given to the task of creating awareness among the rural masses about their rights as consumers.

#### Reply of the Government

The Consumer Welfare Fund was made operational w.e.f. 27th January, 1994. The first meeting of the Standing Committee, prescribed in the Rules, was held in the month of February, 1994 and guidelines for seeking financial assistance were finalized. Under the guidelines any agency/organization engaged in the consumer welfare activities for a period of 3 years and registered under any law for the time being in force, village/mandal/samiti level cooperatives of consumer, industries, State Governments etc. are eligible for seeking financial assistance from the Fund. The financial assistance will be given mainly for preparation of publicity materials, setting up of facilities for training, research, community-based rural awareness projects, setting up of consumer product testing laboratories etc. The total quantum of assistance on an individual application will not exceed Rs. 5 lakhs (assistance will be limited to 90% of the approved cost). However, in exceptional cases, 100% assistance can be considered. Copies of the application form and the guidelines have been sent to all State Governments/Registrar of Consumer Cooperatives, consumer organizations etc. for giving wide publicity to the scheme.

During 1994-95, so far, approximately Rs. 46.28 lakhs have been approved for sanction to 17 applicants from the Consumer Welfare Fund.

[Ministry of Civil Supplies, Consumer Affairs and Public Distribution, OM.  
No. G-11027/5/94-P&C dated 10.10.94]



**Recommendation (Para No. 2.42)**

The Committee are distressed to note that a large component of the plan funds are being spent in the last quarter of the financial year just prior to the budget deadline. They are of the view that this leads to inefficient utilization of funds. The Committee recommend that the expenditure should be spread over in all the quarters of the financial year so that this could be utilized properly.

**Reply of the Government**

The Ministry is making efforts to ensure that the expenditure on plan funds is spread evenly throughout the year. The Minister, Civil Supplies, Consumer Affairs and Public Distribution had initiated an exercise in the Ministry whereby all the divisions have set quarterly targets for utilization of plan funds. This is being monitored.

[Ministry of Civil Supplies, Consumer Affairs and Public Distribution, OM.  
No. G-11027/5/94-P&C dated 10.10.94]

### CHAPTER III

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

##### Recommendation (Para 2.24)

The Committee note that there has been less utilization of funds to the extent of 23% in 1992-93 and 18% in 1993-94 under this Head. The Committee recommend that the Ministry should keep a close watch on the progress of implementation of each plan scheme of BIS and should strengthen the monitoring mechanism with a view to ensure that the funds allocated for the purpose are fully utilized during the stipulated period.

##### Reply of the Government

The reasons for less utilization of plan funds during the year 1992-93 were placed before the Standing Committee in its meeting held on 5 April, 1994. The BIS did not have a definite idea of laboratory equipments and other detailed specification as this was the first year of the 8th Five Year Plan. Purchase of laboratory equipment is generally a high precision, sophisticated and complex process requiring in-depth study of various parameters to formulate specifications and identify sources of supply. Consequently, BIS took some time to formulate the specifications.

During 1993-94, there was less utilization of plan funds in the first three quarters for the reasons mentioned above. However, by the end of the last quarter of 1993-94, with concerted efforts, BIS was able to utilize the plan funds as per the targets.

In order to ensure full utilization of funds in the future, physical targets for the year 1994-95 have been drawn up. In addition, the financial targets have been fixed on quarterly basis. These would help in better monitoring of the schemes during 1994-95.

The BIS has exceeded the targets set for the first quarter of the year 1994-95.

[Ministry of Civil Supplies, Consumer Affairs and Public Distribution, OM.  
No. G-11027/5/94-P&C dated 10.10.94]

**Recommendation (Para No. 2.36)**

The Committee find that in order to reduce its expenditure, the National Consumer Cooperative Federation, which has incurred accumulated loss to the tune of Rs. 29 crores upto 1992-93 have decided to relieve another batch of 250 employees during 1994-95 out of the total staff strength of 848. Government have advanced an interest free loan of Rs. 250 lakhs for the purpose. They regret to note that effective steps were not taken in the past to reduce the expenditure and improve the performance of NCCF resulting in huge loss to the extent of Rs. 29 crores upto 1992-93. The Federation, however, expects to earn a profit of Rs. 50 lakhs during 1994-95. The Committee recommend that NCCF should ensure that the projection prepared by them are actually achieved. New lines of business should be explored and the Ministry should review the working of the NCCF regularly so that NCCF is in a position to earn profit and pay the installments of loan within the stipulated period.

**Reply of the Government**

The NCCF has prepared a work programme for achieving a sales turnover of Rs. 150 crores during 1994-95. The anticipated gross margin on the targeted sales turnover is Rs. 8 crores. The budgeted expenses under different heads during the year are Rs. 7.50 crores. As such, it is expected that there may be a net profit of Rs. 50 lakhs. For achieving the targeted sales and profitability, the NCCF has initiated action for development of business and to reduce expenses. The Deptt. of Personnel and Training in the Ministry of Personnel has accepted the proposal of the NCCF for nominating it as one of the agencies for supply of stationery and office equipment etc. to the offices of the Central Government and other subordinate offices of the Govt. of India and issued a notification on the subject on 11th April, 1994. The Govt. of Delhi has decided to allow NCCF to handle distribution of 30% of the levy sugar in Delhi. The NCCF has also taken action for bringing in further improvement in distribution of various items of consumer goods like tea, iodized salt, toilet and washing soaps under the PDS in some States. Efforts are also being made to undertake bulk supply of pulses and other agricultural commodities to Civil Supplies Corporations in Tamil Nadu, West Bengal and other States.

As a result of Government loan assistance, NCCF has been able to introduce the Voluntary Retirement Scheme. The staff strength, which was 848 as on 30th April, 1993, has been brought down to the level of 680 at the end of May, 1994. The Voluntary Retirement Scheme is still in operation to bring down the staff strength to around 600 employees. The progress and performance of NCCF is reviewed on a monthly basis at various levels.

In the first quarter of current year 1994-95, NCCF has started new business of stationery and sugar in addition to its existing business of pulses, spices and other essential commodities. It is expected that NCCF will be able to achieve its sales target in the current year. NCCF has also taken measures to close down the uneconomic branches and reduce the status of branches. NCCF has also sold out its unutilized properties to repay the bank loan for reducing interest burden. It is expected that NCCF will be able to re-pay the loan sanctioned for Voluntary Retirement Scheme in time.

[Ministry of Civil Supplies, Consumer Affairs and Public Distribution, OM  
No. G-11027/5/94-P&C dated 10.10.94

## CHAPTER IV

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

#### Recommendation (Para No. 2.8)

The Committee note that the Central Government had given the guarantee to Laxmi Consumer Cooperative Wholesale & Retail Ltd. on the recommendations of Board of Directors of the Cooperative Store and the State Government. The Committee fail to understand as to why the Central Government did not go into the financial position of the Store before standing the guarantee. This lapse on the part of the Government has cost the exchequer a sum of Rs. 15.40 lakhs. The Committee hope that the Government will take due precaution in future in standing guarantee and evolve a sound and effective monitoring system to avoid recurrence of such losses. The Committee recommend that the Ministry should examine whether a provision made in the agreement to pledge securities as a set off against the guarantee will be helpful in recovering the amount in such cases and all possible efforts should be made to recover the amount paid to the Bank without any further delay, in this case.

#### Reply of the Government

According to the prescribed procedures in such cases the accounts of the Society for the preceding 4 years (out of which accounts for 2 years are audited ones) are examined before any guarantee is accorded. These accounts are also verified by the Registrar of Cooperative Societies. After the recommendation of the Registrar of Cooperative Societies, Central Government provides guarantee. In this case also, the assessment of the financial position of the store at that time (*i.e.* during 1977-78) was made on the basis of the facts submitted by the store and the Registrar of Cooperative Societies, Maharashtra.

In so far as the system of monitoring and control over the scheme is concerned, the scheme itself provides that society shall furnish quarterly progress report to the Ministry. The financing bank has to intimate from time to time the quarterly outstanding figures. The Ministry is now monitoring and examining the quarterly progress reports more minutely.

The Central Government is providing guarantee only to viable and sound working societies. Guarantee fee of 1% is charged on every guarantee sanctioned. The State Governments have also been requested to introduce the guarantee

scheme. The Govt. of India is not extending guarantees to those States where the State Govts. are operating their own guarantee scheme.

It may be mentioned that Laxmi Consumer Cooperative Wholesale and Retail Ltd. was the only case of default out of the 665 cases of guarantees given by this Ministry during the last 28 years.

The Govt. of Maharashtra has been asked to intimate the name and address of the Liquidator of the Store so that they may be approached to make good the amount paid out of the sale proceeds of the assets of the Store.

The suggestion to pledge the securities as a set off against the guarantee is being processed.

[Ministry of Civil Supplies, Consumer Affairs and Public Distribution, OM.  
No. G-11027/5/94-P&C dated 10.10.94]

#### Comments of the Committee

[Please see Paragraph No. 1.10 of Chapter I of the Report]

#### Recommendation (Para 2.12)

The Committee note that HVOC is continuously incurring cash losses since 1991-92 and the Ministry has a proposal to retire 1146 persons under Voluntary Retirement Scheme. So far 651 persons have sought Voluntary Retirement. The Committee hope that the employees will be encouraged to seek retirement and the Ministry will be able to achieve its target early.

The Committee recommend that the decision on the proposal for revamping/restructuring HVOC, with a view to revamp the corporation and to make its operations viable should be taken immediately and implemented in letter and spirit. The Committee also hope that a decision to invite private parties for outright sale, lease or joint participation in the units at Bombay, Calcutta, Bangalore and Delhi will be expedited.

#### Reply of the Government

##### *I. Implementation of Voluntary Retirement Scheme*

As already reported to the Committee, 650 employees of HVOC have already retired under the Voluntary Retirement Scheme upto 31st March, 1994 since the inception of the Scheme, out of which 506 employees availed of VRS in 1993-94.

Under the Voluntary Retirement Scheme, only persuasive methods are adopted to encourage the employees to avail of the benefits of the Scheme.

Keeping this in view, the management at Corporate as well as Units level has been making sustained efforts to persuade employees through frequent meetings with the labour leaders and employees unions. However, with more than 25% of the total man-power having availed of the VRS, the position at this stage is almost saturated and the pace of implementation of the Scheme, despite hectic efforts by the management, is unlikely to be the same as before. However, all efforts are being made by the management to persuade as many employees as possible to volunteer for the scheme.

In order to arouse interest and urgency amongst the employees towards the Scheme, it is implemented intermittently instead of keeping it open continuously. During the year 1994-95, the VRS was reopened for the period from 15th June, 1994 to 31st July, 1994. During this period offers for retirement under the Scheme were received from 19 employees, of whom, retirement of 17 employees has been approved and remaining two are under process.

## *II. Revamping/Restructuring of HVOC*

The matter regarding revamping/restructuring of HVOC to make its operations viable has been under consideration of this Ministry for quite some time. However, when a number of proposals for modernization of the existing vanaspati units were not found viable in the present scenario of edible oil and vanaspati industry in the country, a proposal was put up by Ministry to the Government for merger of HVOC with another Government body having identical operations like STC/MMTC/NDDB or to consider privatization of the Corporation. This proposal was considered by the Government on 25th July, 1994. The Government while deferring the proposal directed the Ministry to have discussions with all concerned to explore the possibility of taking over of HVOC by NDDB or taking the factories of the Company on lease to ensure gainful continuation of the activities of HVOC. Follow-up action on the directives of the Government is in progress.

[Ministry of Civil Supplies, Consumer Affairs and Public Distribution, OM.  
No. G-11027/5/94-P&C dated 10.10.94]

### **Comments of the Committee**

[Please see Paragraph No. 1.14 of Chapter I of the Report]

### **Recommendation (Para No. 2.17)**

The Committee also recommend that the literature in this regard, besides Hindi and English, should be published in regional languages also and distributed among the masses. Efforts should be made to provide training to the rural masses through panchayats and other departments.

### **Reply of the Government**

At present, the Ministry prepares the literature in English and Hindi only and copies of such literature are sent to all the State Governments for wide circulation in regional languages. However, video materials are prepared in all the regional languages and sent to the State Governments for publicity purposes.

The Ministry has a scheme to provide training to the consumer activists and consumer organizations and is taking the assistance of the National Institute of Rural Development to provide training to the consumer activists in rural areas. This year, the Ministry proposes to conduct four such training programmes.

[Ministry of Civil Supplies, Consumer Affairs and Public Distribution, OM.  
No. G-11027/5/94-P&C dated 10.10.94]

### **Comments of the Committee**

[Please see Paragraph No. 1.17 of Chapter I of the Report]

### **Recommendation (Para No. 2.39)**

The Committee do not concur with the view of the Ministry that the excise concessions have not been passed on to the consumer as no machinery exists to monitor such a mechanism. Excise concession is not a new phenomenon. In the past also, such reliefs have been given. The Committee are of the view that concessions are primarily announced for the consumers. The cornering of such excise concessions by manufacturers amounts to their illegal enrichment. In spite of identification of such industries by BICP, the failure of the Government to proceed against them is a negation of the purpose for which the study was commissioned. The Committee recommend that Government should examine the feasibility of taking legal action against the industries who have not passed such concession to the consumers.

### **Reply of the Government**

In the budget of 1993-94, large duty concessions were announced covering variety of products. In the meeting with the Minister of Civil Supplies, the industry associations claimed that duty concessions were being passed on to the consumers. This claim was disputed by the consumer organizations. As this Ministry did not possess any infrastructure to verify these claims, it requested the BICP to conduct a quick sample study on some ten items to see whether the duty concessions had actually been passed on to the consumer. The BICP conducted study on these ten items in 41 brands and 138 packsizes/varieties covering 101 industries. According to the report, the industries relating to cosmetics, drugs and man-made fibres have not passed on the benefits of duty concessions in full.



The report was forwarded to the concerned Ministries for taking action against the erring industries. The issue was also taken up with the Ministry of Finance. However, these Ministries stated that under the legislation administered by them, there is no provision to take action against such erring industries.

The Ministry's role with regard to the issue is three fold, namely:

- (i) to generate consumer awareness regarding excise duty concessions announced in the budget of 1993-94. The Ministry has done that well.
- (ii) to persuade the industries to pass on the benefits voluntarily to the consumers. As a result of persuasion by this Ministry many industries have done this.
- (iii) to bring the fact to the notice of the administrative Ministries and to persuade them to take action. The Civil Supplies Ministry has brought the BICP report to the knowledge of the Ministries of Finance, Industry, Chemicals and Fertilizers, Textiles who are concerned with the industries referred to in the BICP report.

[Ministry of Civil Supplies, Consumer Affairs & Public Distribution, OM  
No. G. 11027/5/94-P&C dt. 10.10.94]

#### Comments of the Committee

[Please see Paragraph No. 1.20 of Chapter 1 of the Report]

## CHAPTER V

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

#### **Recommendation (Para No. 2.31)**

The Committee note that the system of marking the weighing instrument is defective. The glass stamp affixed on the weight lead falls off with the repeated use of the weight giving an opportunity to the authorities to challan the traders. Keeping this in view, the Committee recommend that the seal should be put on the iron itself and the verification period should be revised to a longer period than one year being followed at present.

The Committee find that the provisions in the Weights & Measures Act and Rules are very old and need revision. These provisions should be reviewed and updated without further loss of time.

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

At present, the Inspector's stamp is affixed on the surface of the lead put inside the loading hold of a weight. If the lead is not put in the hole in a proper manner, there is a probability of its falling off. The falling off can be prevented if due care is exercised by the checking authority. It is not technically feasible to affix stamp on the surface of iron because of its hard nature. However, the advice of the Govt. of India Mint, Bombay, which is the only authorized agency to manufacture stamping equipment has been sought in this regard.

The matter regarding the period of recertification of weights and measures was discussed in the 25th Conference on Weights and Measures held on 16-17, May, 1994 at New Delhi. The State authorities responsible for the field operation and law enforcement were of the view that the verification period for commercial weights and measures be kept as one year to protect the interest of the Consumers. The trade and industry, however, did not favour this and proposed that, if necessary, views of technical experts should be sought on the question of a longer validity period. The views of some experts in this field are being ascertained.

The Weights and Measures Rules, particularly the Standards of Weights and Measures (Packaged Commodities) Rules, 1977 are reviewed/amended from time to time. As regards amendment of the Acts, the recommendations of the two

Expert Committees set up to review the Standards of Weights and Measures Act, 1976 and the Standards of Weights and Measures (Enforcement) Act, 1985 are under consideration in the Ministry.

Ministry of Civil Supplies, Consumer Affairs & Public Distribution, OM No. G. 11027/5/94-P&C dt. 10.10.94]

NEW DELHI;  
18 April, 1995  
18 April, 1995  
, Vaisakha, 1917 (Saka)

SHYAM BIHARI MISRA,  
*Chairman,*  
*Standing Committee on Food,*  
*Civil Supplies & Public Distribution.*

## APPENDIX I

### STANDING COMMITTEE ON FOOD, CIVIL SUPPLIES AND PUBLIC DISTRIBUTION

Minutes of the Sitting of the Committee held on 24th April, 1995.

The Committee sat from 15.00 hrs. to 16.20 hrs. on 24th April, 1994.

#### PRESENT

Shri Shyam Bihari Misra – *Chairman*

#### MEMBERS

#### *Lok Sabha*

2. Dr. (Smt.) Padma
3. Shri Bijoy Krishna Handique
4. Shri Gopi Nath Gajapathi
5. Shri Naresh Kumar Baliyan
6. Shri Chhotey Lal
7. Prof. Ram Kapse
8. Shri Ram Awadh
9. Shri Syed Masudal Hossain
10. Shri Ramchandra Marotrao Ghangare
11. Shri Birsingh Mahato

#### *Rajya Sabha*

12. Shri Sunder Singh Bhandari
13. Shri Tara Charan Majumdar
14. Shri Jagannath Singh
15. Shri Ramendra Kumar Yadav 'Ravi'
16. Smt. Chandra Kala Pandey

#### SECRETARIAT

1. Smt. Roli Srivastava – *Joint Secretary*
2. Shri A.S. Chera – *Assistant Director*

### I. Consideration and Adoption of Draft Ninth Report.

The Committee considered the draft Ninth Report on the action taken by the Government on the recommendations contained in Sixth Report (Tenth Lok Sabha) on Demands for Grants (1994-95) pertaining to the Ministry of Civil Supplies, Consumer Affairs and Public Distribution and adopted the Report with the following amendments:-

Para No. 1.14 *After* 'possible restructuring/revamping of the HVOC' *add*, The Committee also recommend that a Committee should be appointed to explore the possibility of reimbursement of losses and of providing total tax exemption to those units of HVOC which are running in losses so as to mitigate their losses as these units are serving the cause of the poor masses by way of supplying edible oils being distributed under PDS.

### II. Consideration and Adoption of Tenth Report.

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### III. Consideration and Adoption of Eleventh Report.

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The Committee authorised the Chairman to make consequential changes arising out of the factual verification of the Report by the Ministry of Civil Supplies, Consumer Affairs and Public Distribution and present/lay the same in both the Houses of Parliament.

*The Committee then adjourned.*

## APPENDIX II

(Vide Introduction of the Report)

*Analysis of Action Taken by Government on the recommendation contained in the Sixth Report of Standing Committee on Food, Civil Supplies & Public Distribution.*

*(Tenth Lok Sabha)*

I.	Total number of Recommendations	9
II.	Recommendations/Observations which have been accepted by Government Sl. Nos. 2.16, 2.42	
	Total	2
	Percentage	22.2
III.	Recommendations/Observations which the Committee do not desire to pursue in view of Government's replies Sl. Nos. 2.24, 2.36	
	Total	2
	Percentage	22.2
IV.	Recommendations/Observations in respect of which Government's replies have not been accepted by the Committee Sl. Nos. 2.8, 2.12, 2.17, 2.39	
	Total	4
	Percentage	44.4
V.	Recommendations/Observations in respect of which final replies of Government are still awaited. Sl. No. 2.31	
	Total	1
	Percentage	11.1