

THIRD REPORT

STANDING COMMITTEE ON FOOD, CIVIL SUPPLIES AND PUBLIC DISTRIBUTION (1993-94)

(TENTH LOK SABHA)

ANNUAL REPORT OF THE MINISTRY OF
CIVIL SUPPLIES, CONSUMER AFFAIRS AND
PUBLIC DISTRIBUTION
(1992-93)

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



LOK SABHA SECRETARIAT
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COMPOSITION OF THE STANDING COMMITTEE ON
FOOD, CIVIL SUPPLIES AND PUBLIC DISTRIBUTION
(1992-93)

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Prof. Ram Kapse

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4. Shri Naranbhai Jamlabhai Rathava
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28. Shri Chhotey Singh Yadav
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Rajya Sabha

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(iv)

32. Shri B.V. Abdulla Koya
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38. Shri Jagannath Singh
39. Shri Tindivanam G. Venkatraman
40. Shri Ramendra Kumar Yadav 'Ravi'
41. Shri Ratna Bahadur Rai

SECRETARIAT

1. Shri G.L. Batra — *Additional Secretary*
2. Shri Satish Loomba — *Deputy Secretary*
3. Shri K.L. Anand — *Under Secretary*

INTRODUCTION

1. The Chairman of the Standing Committee on Food, Civil Supplies & Public Distribution (1993-94) having been authorised by the Committee to submit the Report on their behalf, present this Third Report on the Annual Report (1992-93) of the Ministry of Civil Supplies, Consumer Affairs and Public Distribution.

2. The Annual Report of the Ministry of Civil Supplies, Consumer Affairs and Public Distribution has been examined by the Committee under Rule 331 E(1)(c) of Rules of Procedure and Conduct of Business in the Lok Sabha.

3. The Committee have undertaken a selective analysis of the Annual Report of the Ministry of Civil Supplies, Consumer Affairs and have concentrated mainly on the Public Distribution System and Consumer Protection.

4. The Committee took evidence of the representatives of the Ministry of Civil Supplies, Consumer Affairs and Public Distribution on 12th July 1993 and 8th Sept. 1993. The Committee wish to express their thanks to the officers of the Ministry of Civil Supplies, Consumer Affairs and Public Distribution for the cooperation extended to them in giving information to the Committee.

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

6. The Committee considered and adopted the Report at their sitting held on 15th December, 1993.

NEW DELHI;

15 December, 1993

24 Agrahayana, 1915 (Saka)

RAM KAPSE

Chairman,

Standing Committee on Food,

Civil Supplies and

Public Distribution.

CHAPTER I

FUNCTIONS AND ORGANISATIONAL SET UP

Functions

1.1 The Ministry of Civil Supplies, Consumer Affairs and Public Distribution is responsible for monitoring the prices and availability of essential commodities. It is responsible for the administration of Essential Commodities Act, 1955 and the Prevention of Black Marketing and Maintenance of Supplies of Essential Commodities Act, 1980. It also looks after the public distribution system, consumer protection, consumer cooperative and integrated management of supply and distribution of vanaspati, oilseeds, vegetable oils, cakes and fats. It is also entrusted with controlling futures trading and matters relating to weights and measures and Bureau of Indian Standards.

1.2 The subjects allotted to this Ministry are:

INTERNAL TRADE

Internal trade basically includes (a) Essential Commodities Act, 1955 (b) Prevention of Black Marketing and Maintenance of Supplies of Essential Commodities Act, 1980 (c) Consumer Cooperatives (d) Public Distribution System (e) Monitoring of prices and availability of essential commodities (f) The Consumer Protection Act, 1986 (g) Regulation of Packaged Commodities (h) Industries, the control of which by the Union is declared by Parliament by law to be expedient in public interest, as far as these relate to Vanaspati, Oilseeds, Vegetable Oils, Cakes and Fats (i) Directorate of Vanaspati, Vegetable Oils and Fats.

TRADE MARKS

- 1.3 (a) Emblems and Names (Prevention of Improper Use) Act, 1950.
(b) Standards of Weights & Measures Act, 1976 (60 of 1976).
(c) The Bureau of Indian Standards Act, 1986 (63 of 1986).
(d) All attached or subordinate offices or other organisations concerned with any of the subjects specified in this list, including the Forward Markets Commission, Bombay.

ORGANISATIONAL SET UP

1.4 The Secretary in the Ministry is assisted by three Joint Secretaries, one Economic Adviser and 53 Gazetted Officers with a total complement of a staff of 181.

FORWARD MARKETS COMMISSION

1.5 The Forward Markets Commission, comprising a Chairman and a Member, has its Head Office in Bombay and Regional Office in Calcutta. The Commission has a total sanctioned strength of 21 officers and 112 staff.

WEIGHTS & MEASURES

1.6 The Standards of Weights & Measures Act, 1976 is based on the international system of Units. There are three Regional Reference Standards Laboratories at Ahmedabad, Bhubaneswar and Bangalore which are providing metrological facilities to the States and Union Territories. The Ministry has also set up the Indian Institute of Legal Metrology at Ranchi. The Weights and Measures Unit, at its Headquarters in New Delhi, has a sanctioned strength of 3 Gazetted Officers and 14 other staff. The sanctioned strength of the field establishment is 27 Gazetted Officers and 75 other staff.

DIRECTORATE OF VANASPATI, VEGETABLE OILS & FATS

1.7 The Directorate has a sanctioned strength of 92 officers and staff including 24 technical and inspecting staff for handling work relating to production, quality control and distribution of Edible Oils and Vanaspati.

HINDUSTAN VEGETABLE OILS CORPORATION LTD., NEW DELHI

1.8 The Hindustan Vegetable Oils Corporation Ltd., was incorporated in 1984 as a wholly-owned Government of India undertaking. The Corporation has its registered office in New Delhi and has nine production units, two in Delhi and one each in Amritsar, Kanpur, Bombay, Hyderabad, Madras, Bangalore and Calcutta. The Corporation had on its roll 2473 employees as on 31.3.1992.

1.9 Hindustan Vegetable Oils Corporation has been mainly engaged in manufacture of vanaspati, the refining of edible oils, package of imported edible oils in small packs and manufacture of breakfast food products. As a consequence of reduced imports of edible oils, HVOC is now mainly engaged in only manufacture of vanaspati and breakfast food products. In reply to a question, the Ministry has stated that the plant and machinery of vanaspati units have become old and obsolete with the batch type technology which has been phased out by the vanaspati industry over a period of time. The cost of the production is higher in HVOC due to high wages and obsolete technology. The private vanaspati industry with its new technology has better products to market with premium. The policy of the Government to delicense the vanaspati industry and the State Government fiscal policies have further eroded the sales of HVOC product.

1.10 Hindustan Vegetable Oils Corporation Ltd., has turned into a loss making unit from 1991-92. Asked what steps the Ministry has taken under the time bound plan to revive HVOC, the Ministry in reply stated that apart from voluntary retirement scheme which is expected to bring down

costs, measures have been planned to dispose off surplus properties and other moveable assets, rationalisation/revamping of offices and factories and improve current levels of operation.

BUREAU OF INDIAN STANDARDS

1.11 The Bureau of Indian Standards was set up as a statutory organisation with effect from 1st April, 1987 under the Bureau of Indian Standards Act, 1986. It took over the functions, staff, assets and liabilities of the Indian Standards Institution. The Bureau is a corporate body consisting of members representing the Government, Industry, Scientific and Research Institutions and other relevant interests. The Minister in charge of the Central Ministry having administrative control of the Bureau is its President and the Minister of State or a Deputy Minister, if any, is the Vice-President. The Secretary to the Government and the Director General of the Bureau are the ex-officio members. The Staff strength of the Bureau of Indian Standards was 2351.

1.12 The BIS has launched the quality system Certification Scheme in Sept. 1991. The first license was granted in June 1992. The scheme has been launched with the intention to help the industry to manufacture quality products for the consumers.

1.13 When asked about the areas which have been identified by the Ministry in the Eighth Plan and are engaging special and urgent attention, the Ministry, in a written reply, stated that these are:

1. Ensure stability of prices of essential commodities so that the interest of the poor is served.
2. Ensure that sufficient quantities of foodgrains at prices affordable by the poorer sections are readily available through PDS.
3. Strengthening of the PDS and enlarging its net.
4. Creation of consumer awareness for quality products and strengthening of the consumer movement in the rural areas.
5. Laying emphasis on Research and Development activities for vegetable oils.

OBSERVATIONS/RECOMMENDATIONS

1.14 The Committee are concerned to note that Hindustan Vegetable Oils Corporation has been operating with huge losses due to old and obsolete machinery and high wages. The Committee have observed, that HVOC is heavily overstaffed. The Corporation has on its rolls 2473 employees as on 31.3.1992. The Committee recommend that effective steps should be taken to economise the working of HVOC, and induction of latest technology be made so as to make it commercially viable at the earliest under a time bound programme. Experienced officers should be sent to HVOC for its management. The Committee would like to be apprised of the results achieved within a period of six months.

1.15 The Bureau of Indian Standards plays an important role in ensuring that quality products are made available to the consumers. The Committee have observed that the standards laid down by the BIS, are not being strictly adhered to. The Committee feel that more products should be brought under the BIS Certification Scheme. The Committee are concerned to note that timely action is not taken in case of complaints of poor quality BIS marked products. The Committee recommend that BIS should make its redressal mechanism more effective and give wider publicity to it, so that the common consumer is made aware of the significance of BIS marked products.

CHAPTER II

PUBLIC DISTRIBUTION SYSTEM

2.1 Over the years, Public Distribution has become one of the main steps of the Government economic policy. Its role as an anti-inflationary medium has been widely recognised. The system is also designed to help both the producers and consumers of foodgrains by linking the procurement to support prices and by ensuring their distribution at almost uniform prices throughout the country.

2.2 The Central Government has assumed responsibilities for procurement and distribution of essential commodities viz. wheat, rice, levy sugar, imported edible oils, Kerosene and soft coke to the States and Union Territories. The Ministry has stated that additional commodities such as tea, salt and soaps have been included for distribution through the PDS outlet. To further improve the supply of essential commodities and increase the access of PDS to far-flung, inaccessible hilly areas, tribal areas, Central assistance is being given.

2.3 The Secretary, Ministry of Civil Supplies, Consumer Affairs & Public Distribution, during evidence stated that "at present the Government is putting through about 18 million tonnes of foodgrains including wheat and rice. If we calculate in terms of the existing population of 880 millions, the per capita availability works out to be 1.7 kg. per month". In other words this accounts for a very negligible proportion of the total requirement of the foodgrains for the family.

2.4 The Secretary added that "On 1st Jan. 1992, the Prime Minister announced the introduction of new programme called the Revamped PDS (RPDS). This was conceived with a view to improve the requirement of the vulnerable sections of the society and was basically oriented to certain geographical areas such as hilly areas, desert areas, drought prone areas and tribal areas". The Secretary further added that "the State Govts./U.T. Administrations have identified about 1700 blocks covered under various area development programmes under the Revamped PDS". Under this programme, it was decided that 2 million tonnes of additional foodgrains would be made available and the prices of foodgrains would be 50 paise per kg. cheaper than the normal PDS prices. This scheme has been in operation for over a year now. One of the steps envisaged with a view to plug the diversion of foodgrains was the concept of door step delivery.

2.5 The Ministry has stated that the number of fair price shops were 3.99 lakhs as on 31st March, 1992. The Committee were informed during evidence that for the areas which were not covered by fair price shops, it

was decided that shops should be opened to cover the population living in those remote areas.

2.6 The Committee were informed that the question of making available larger and more meaningful quantities of foodgrains and other items to the poor has been engaging the attention of the Government and in the 15th meeting of the Advisory Council on PDS, the States requested the Central Government to evolve a National Policy on PDS. A high powered Committee of Ministers, with a view to evolve a National Policy, was constituted some time back. This high powered committee has deliberated on the various issues and finalised its report. The Committee presented its report to the Union Government in July 1993 and made the following important recommendations on the National Policy on Public Distribution System:

1. The Committee recommended that atleast 20 Kilograms of foodgrains are made available per month to every family of the vulnerable population through the PDS. For the long term food security of the population of the country, the Committee suggested that Central and State Government should endeavour to increase the agricultural production.

2. In order to ensure that larger and more meaningful quantities of foodgrains reached the needy and poor sections, it is essential that relatively better sections of the population are excluded from access to the PDS in respect of foodgrains.

3. The Committee suggested that exculsion of families from PDS can be done on the basis of income criterion. They are of the view that this is the best criterion. The Committee has suggested that the following categories of families can be excluded:

- (1) Income Tax Assesses.
- (2) Professionals like Doctors, Lawyers, Chartered Accountants, Architects, Engineers etc.
- (3) Sales Tax Assesses (Shopkeepers and traders)
- (4) All those registered under the Shops and Establishment Act.
- (5) Employees of Government, Public Sector and Private Sector (in cases at serial nos. 3 4 5, an income limit can be prescribed and implemented by the State Government/UT administrations).
- (6) For the rural areas, categories other than landless labourers, rural artisans, share croppers, small/marginal farmers, all families identified as eligible for the benefits under IRDP and others, if any, in similar economic conditions.

The Committee recommended that the State Government and the UT Administration may consider a policy of excluding the relatively better off sections from access to PDS levy sugar so that higher allocations can be made to the poorer sections.

4. Supply of PDS Kerosene Oil should continue to be made universally. However, holders of double bottle of LPG connections may either be excluded from the entitlement of kerosene or given a reduced scale.

5. Steps should be taken on continual basis to strengthen and streamline the delivery system so that the minimum quantities envisaged to be delivered to the vulnerable sections can reach them regularly.

6. Efforts should be made to improve the quality of foodgrains supplied for the PDS.

7. Additional items of daily use like pulses, iodised salt, tea can also be channelised through PDS outlets to make their easy availability at reasonable prices specially in the remote areas.

2.7 The Committee were informed during evidence that no final view was taken on the recommendations made by this Committee of Ministers.

2.8 The Committee were informed that presently, the level of subsidy which is about three thousand crores will have to be increased very sharply if central issue prices are not revised upwards and PDS prices are kept low. The Committee were further informed that the total allotment of subsidy in the budget can be controlled by reducing the quantities suitably. In that case, the percentage of beneficiaries which are at present about 35—40% may have to be reduced to 25—30% and that is the whole concept of targeting the foodgrains in PDS. In case it is decided to give more quantities to the poorer and needy sections of the society and to keep the burden of subsidy within manageable limits, then, the only option before the Government is to restrict the supplies through public distribution system to the needy and poorer sections. Any effort of the Government to protect the interests of the poorer sections by giving them a higher level of satisfaction would imply that the middle class may also be deprived of the benefit of public distribution system.

2.9 The problem of bogus ration cards has assumed gigantic dimensions. As per Annual Report of the Ministry 8386187 bogus cards comprising 52341214 units were eliminated during the year. The Committee were informed that for families not having ration cards, it was decided that they should be provided with ration cards to facilitate availability of supplies.

2.10 Another factor relevant to the PDS is the prices of foodgrains supplied through it. The Committee note that PDS prices of these essential commodities were raised in January, 1993, and raised rather steeply. The pattern of increasing central issue prices over the past three or four years has been sharp and this cannot but have an adverse effect on the poor.

2.11 The quality of foodgrains supplied through the PDS is of great importance to the consumer. Complaints are often voiced about the quality of foodgrains supplied through the PDS. The standard of quality laid down for issue of foodgrains needs to be improved substantially.

2.12 Regarding Vigilance Committees at the fair price shop level, the Committee were informed during evidence that the vigilance committee comprising local people were set up so that they could monitor the functioning of the shops at the local level. These decisions have not been implemented fully.

2.13 It has been stated by the Ministry that it is responsible for the integrated and coordinated management of edible oils economy including distribution and supply of imported edible oils under the public distribution system. During the Oil Year 1991-92 (November to October) the gap in the demand and supply of indigenous edible oils was around 7 lakhs MTs.

2.14 The implementation of the public distribution system is the joint responsibility of the Central Government, State Governments and the Union Territory administrations. The implementation of PDS at the ground level is the responsibility of the State Government and Union Territory administrations.

OBSERVATIONS AND RECOMMENDATIONS

2.15 The Committee note that there has been an increasing focus on the PDS, with the identification of about 1700 blocks under the Revamped PDS. The Committee suggest that to improve the availability of foodgrains for the vulnerable sections of the society, greater thrust be provided to the PDS in hilly, tribal and remote areas. The Committee feel that urgent steps are needed to be taken to ensure that sufficient quantities of foodgrains at prices affordable by the poorer section are made available through the PDS in these regions. For that purpose it is suggested that sufficient quantity of foodgrains should be maintained at such places.

2.16 The Committee are concerned to note that the additional items like tea, salt and soaps are hardly available at PDS outlets. In hilly areas, even the foodgrains are not supplied regularly through the fair price shops. The Committee suggest that effective measures be taken to ensure that at least the basic minimum requirements of the poorer sections are met through the PDS.

2.17 The practice of diversion of foodgrains into the black market has been increasing over the years. The Committee suggest that the concept of door step delivery be put into practice in all areas of the country. The Committee recommend that stringent action should be taken against those found indulging in diversion of PDS quotas into the open market. The Committee suggest that proper and effective vigilance in this regard be maintained and senior officers should also inspect the fair price shops at regular intervals.

2.18 The Committee are pained to note that many of the needy sections of the society are deprived of ration cards. The process has been made cumbersome, thus increasing the scope of corruption. The Committee suggest that the procedure for making a ration card be simplified and the

families not having ration card be provided with ration card to facilitate availability of supplies.

2.19 In the context of Fair Price Shops, though their number has increased, yet the Committee have noted that large areas remain outside the ambit of the PDS. The Committee recommend that the Central Government should strongly advise the State Govts. and UT administrations to open fair price shops in hilly, remote areas of the State.

2.20 A high powered Committee of Ministers was set up with a view to evolve a national policy on the Public Distribution System. One of the recommendations of this high powered Committee is to exclude certain sections of the population from the purview of the PDS. This Committee feel that the exclusion relates primarily to the middle class which comprise largely the income tax payers. The Committee feel that this section comprises a miniscule fraction of the entire population and their exclusion would not lead to any substantial economy. The Committee feel that the middle class comprises the vigilant section of the society. They act as a control mechanism to ensure that the malpractices in the system are reduced. Their exclusion would increase corruption. The Public Distribution System, as it stands today is universal in character. The Committee appreciate the reasons for excluding certain sections from the purview of the PDS, but they feel that such a step, would go against the majority of the population. The Committee strongly recommend that PDS be maintained as it stands today i.e. universal in character and every person be entitled to draw supply under this system.

2.21 The Committee have been informed that the report of the Committee of Ministers on National Policy on Public Distribution System has been referred to National Development Council. The Committee desire that before any final decision is taken by Govt. in the light of recommendations made by NDC, this Committee may be consulted.

2.22 The Committee note that the present level of subsidy which is about 3,000 crores is on the higher side and likely to increase very sharply. The subsidy element can be controlled by reducing the malpractices prevailing in the system like bogus ration cards and diversion of foodgrains etc. The Committee are concerned to note that the drive against the bogus ration cards and diversion of foodgrains have failed to gain the desired momentum. The Committee recommend that strong and more effective steps should be taken to reduce the malpractices.

2.23 The Committee note that the Central issue prices of foodgrains supplied through the PDS have been increased frequently in the last three or four years. The Committee recommend that the Central issue prices should not be increased frequently.

2.24 The Committee are concerned to note that the quality of foodgrains supplied through the PDS, is not upto the mark. This has resulted in large sections of the consumers, not taking up their quota of foodgrains:

The Committee recommend that the standard of quality laid down for the foodgrains be improved substantially so that they are acceptable to a wider section of the consumers. The Committee also recommend that the movement of foodgrains in different areas be done taking into account the food habits of the people of different regions.

2.25 The Committee note that edible oils are scarcely available in FPS outlets even though the Ministry is responsible for the integrated and coordinated management of edible oils under the Public Distribution System. The Committee recommend that edible oils, being an important part of the food requirements of a family should be provided through FPS outlets. The Government may consider supplying vegetable oil manufactured by HVOC through Fair Price Shops.

2.26 The Committee feel that much of the malpractices in the PDS could be checked if the public is made aware of its rights. In this context, the Committee suggest that Vigilance Committees at village/fair price shop level be constituted in all parts of the country at the earliest, by involving local consumers, women and voluntary organisations. Complaints received from the Vigilance Committees should be thoroughly investigated.

2.27 The Committee note that the Vigilance Committees that have been set up to monitor the functioning of shops, have not made much progress in some areas. The Committee recommend that the Vigilance Committees be set up in all the areas and their functioning should be made more effective.

2.28. The implementation of the Public Distribution System is the joint responsibility of the Central Government, State Governments and the Union Territory Administration. The Committee are pained to note that the role of the Central Ministry has been relegated just to an advisory capacity. The Committee recommend that the Central Government should impress upon the State Government/UT administrations to take action under the Essential Commodities Act so as to curb unfair trade practices, indulged in by the traders and fair price shop owners.

CHAPTER III

CONSUMER PROTECTION

3.1 In the recent years, consumer protection, as a result of the consumer movement has emerged as a strong institutional framework in the distributive trade and has become an integral part of society at large. To see that essential commodities are made available to the vast section of the country's population, particularly to the vulnerable sections of the society, a national policy for cooperatives has been formulated aiming at the development of the cooperatives as self-reliant grass-root development institutions, managed and controlled by members of the society for economic and social upliftment.

3.2 The Ministry had been operating two schemes for development of consumer cooperatives both in urban and rural areas till 1991-92 which are as follows:

- (1) Centrally Sponsored Schemes for development of cooperatives in urban areas.
- (2) Centrally Sponsored Schemes for distribution of consumer articles in rural areas through cooperatives.

3.3 Under the former scheme, assistance was being provided through the State Governments for setting up of departmental stores, cooperative stores of different sizes, rehabilitation of sick consumer cooperatives, setting up of consumer industry etc. The underlying idea of development and promotion of consumer cooperatives was to have a radiating impact on the distributing trade for supply of quality goods at reasonable prices to the consumers. This was achieved to some extent in various cities and towns in urban areas.

3.4 Financial assistance was being provided through the NCDC to the village level cooperatives for undertaking distribution of consumer articles in rural areas. Such distribution was undertaken by primary consumer cooperatives, primary marketing society, agricultural credit societies and large sized multi-purpose societies in the tribal areas. From the year 1992-93, on the recommendations of the Planning Commission, both these schemes stand transferred to the State Sector. The Committee had observed that most of these cooperatives have turned sick and no steps are being taken to rehabilitate them.

3.5 As part of this process of strengthening the consumer movement, a bill was recently introduced and passed in the Parliament. This Bill is seen as an important and crucial step for the effective promotion of the consumer movement. The Ministry has stated that under the enactment

and enforcement of Consumer Protection Act, 1986, a 3 tier judicial machinery has been set up at the national, state and district levels to provide for speedy redressal of consumer grievances. The Consumer Protection Act, 1986 enjoins responsibility on the Central Government to set up the National Consumer Protection Council and National Consumer Disputes Redressal Commission. Similarly, the State Governments/Union Territory administrations are responsible for setting up state level Consumer Protection Councils, Consumer Redressal Disputes Commission (State Commission) and Consumer Redressal Forums (District Forum). The Central Consumer Protection Council has been constituted. The National Commission has been functioning since 27th December, 1988. As per information provided by the Ministry, 31 State Commissions and 452 District Forums are functioning. All the States/UTs have constituted the state level consumer protection councils. Steps like amendment of some legislation like prevention of Food Adulteration Act, 1954 etc. to empower consumer organisations to file complaints in the court have also been taken to strengthen consumer protection. Earlier such powers were vested with the government officials only.

3.6 The Ministry has informed about the working group of consumer protection council to set up a Consumer Welfare Fund. The issue of Consumer Welfare Fund raises certain questions. The Ministry has stated that the working group attached to the council has identified certain priority areas. These include building of infrastructural formalities for organising consumer educational activities on a permanent basis at district and taluka levels, setting up of testing laboratories for the benefit of consumers and community based rural consumers welfare programmes and legal aid, cells. At the state level, the promotion of consumer movement is not picking up at a desired pace because North-Eastern states are finding it difficult to raise their resources. These States have approached the Central Govt. for financial assistance for the functioning of District Forums and State Commissions. The Secretary of the Ministry stated during evidence that although the Supreme Court has directed that all states should have these fora functioning according to certain guidelines issued but the quality of functioning of these forums sometimes is not very satisfactory because the kind of support in terms of the infrastructure, building, staff and stationery which they are supposed to be provided with, are not given. Explaining the latest position about the enforcement of Consumer Welfare Fund, the Secretary of the Ministry stated during evidence that the matter is pending with the Ministry of Finance and they are pursuing with them to have it done as early as possible.

3.7 During evidence the Committee were informed that in respect of fund disbursal, as per rules, no representative of the consumers has been placed in the Committee constituted for considering the application for grants. The Ministry has recommended to the Ministry of Finance to

make certain changes so that the representatives of the consumer organisations as well as the State Governments can be invited to the meetings of the Committee.

3.8 In a written note, the Ministry had stated that working group was constituted by the Central Consumer Protection Council to suggest the criteria and guidelines for utilisation of the Consumer Welfare Fund. During evidence the Committee was further informed that the recommendations of the working group which require further amendment in the rules are being considered by the Ministry of Finance. The industry has been given the facility to draw funds from the Consumer Welfare Fund. On a clarification sought during evidence, the Committee was informed that the Ministry has proposed an amendment to delete the industry except the Cottage Industry.

3.9 As mentioned earlier the Consumer Awareness is an integral part of the consumer movement. In this context, the Ministry has stated that multi-media approach has been adopted for the creation of public awareness. It was stated during evidence that most of the publicity programmes are centred around consumer day celebrations which is organised every year on 15th March.

3.10 One of the important areas of the functioning of the Ministry is the Bureau of Indian Standard. The BIS has launched the Quality System Certification Scheme with the intention to help the industry to manufacture quality products. The Bureau of Indian Standard have laid down the system of checks and inspection to ensure that whatever standards are laid down, these are adhered to in respect of mandatory certification areas. The Ministry has stated that BIS is operating a Certification Scheme under which manufacturers are licensed to use the standard mark on goods produced by them in conformity with relevant Indian Standards. The Scheme involves the condition that any manufacturer having the requisite production and testing facility may apply for a license and the Bureau may authorize him to use the standard mark on his products after he meets the relevant conditions. In this context, the Ministry have stated that the Bureau have taken a number of steps to ensure that the goods bearing the Standard mark are produced in accordance with the provisions of the relevant standard like regular and surprise inspection of the license's work and testing of factory and market samples in independent laboratories.

OBSERVATIONS/RECOMMENDATIONS

3.11 The Committee have observed that consumer cooperatives, have not been able to make an impact in majority of the cities, towns and specifically in rural areas. The Committee recommend that special thrust be provided to strengthen and rehabilitate the consumer cooperatives, so as to have an impact on the distributing trade for the supply of quality goods at reasonable prices to the consumers. The Committee recommend that financial assistance to the village level cooperatives be provided for undertaking distribution of consumer articles in rural areas.

3.12 The Committee appreciate the introduction and passage of a bill relating to Consumer Act recently. The Committee also appreciate the fact that District Fora have been set up in majority of the districts of the country. The Committee are concerned to note that these forums are under-functioning in many areas, as adequate publicity has not been provided. On the contrary, these forums are overworked in the metropolitan areas. They are lacking adequate infrastructure. They are not being provided with adequate staff which is acquainted with legal matters. The Committee feel that these forums have provided a leverage to the consumer and they have to be provided all the requisite support at the earliest. The Committee recommend that a review of the infrastructural facilities of these forums be made statewise and lacunae, if any, that exist, be removed at the earliest. They also desire that adequate publicity be provided to these forums.

3.13 The Committee are distressed to note that the Consumer Welfare Fund has not yet come into operation. The Committee have not been able to reconcile with the idea that no representative of the consumer organisations finds a place in the 'Fund Disbursal Committee' of the fund. The Committee recommend that consumer organisations should have the priority to procure funds from the Consumer Welfare Fund. The Committee were informed during evidence that the Ministry has proposed an amendment to delete the industry except the cottage industry to draw funds from the Consumer Welfare Fund. Voluntary organisations working in rural areas are facing resource crunch. The Committee recommend that voluntary organisations working in rural areas be given priority over those working in urban area. The Committee strongly feel that the consumer welfare fund be established at the earliest.

3.14 As consumer awareness is an integral component of consumer protection, the Committee feel that more stress should be laid on spreading consumer awareness since the existing programmes are grossly inadequate. The Committee are of the view that print media alone is not sufficient to create public awareness as most of the consumers, especially in rural areas are illiterate. The Committee suggest that Visual media be used as an effective means in this regard. Greater stress should be placed on involving Voluntary organisations from all quarters to anticipate on the 'Consumer Day' to spread consumer awareness instead of celebrating it through official functions and exhibitions. The Committee recommend that the directory of the consumer forums be displayed in all the shops and this be made mandatory.

3.15 The Committee have observed that most of the voluntary organisations are functioning in urban areas, and hardly any priority is being given to strengthen them in rural areas. The Committee recommend that voluntary organisations be encouraged actively in the rural areas, as they form an integral part of the consumer movement.

3.16 The Committee are distressed to note that specific instances of fake gas cylinders coming into the market are on the increase. The Committee

are not able to reconcile with the idea of BIS, being unable to take any action regarding it, even though it issues quality certificate to gas cylinders. The Committee recommend that BIS, should take urgent remedial steps to ensure that fake products especially those which are dangerous/injurious to human life, do not find their way into the market.

3.17 The Committee note that the excise concessions given to the industry, as part of an attempt to control inflation have not been passed on to the consumers. They feel that the matter has not been actively pursued. The Committee recommend that the requisite steps be taken urgently to ensure that excise duty concessions are passed on to the consumers.

3.18 Finally, the Committee feel that the consumer movement is still in its infancy. All efforts towards strengthening the movement have to be provided. It is a continuing effort in which all sections of society are involved. Vigilance has to be maintained and whenever any kind of exploitation takes place, govt. should step in with effective measures.

NEW DELHI;

15 December, 1993

24 Agrahayana, 1915 (S)

RAM KAPSE

Chairman,

Standing Committee on Food,
Civil Supplies and Public Distribution.

PART II
STANDING COMMITTEE ON FOOD, CIVIL SUPPLIES AND
PUBLIC DISTRIBUTION

MINUTES OF THE SITTING HELD ON 12TH JULY 1993

The Committee sat from 1100 hrs. to 1300 hrs. on 12th July 1993.

PRESENT

Prof. Ram Kapse — *Chairman*

MEMBERS

Lok Sabha

2. Shri Bijoy Krishna Handique
3. Shri Gopi Nath Gajapathi
4. Shri Lal Babu Rai
5. Shri Ram Awadh
6. Shri Syed Masudal Hossain
7. Shri Shyam Bihari Mishra
8. Shri Manoranjan Sur
9. Shri Chote Singh Yadav

Rajya Sabha

10. Shri Sunder Singh Bhandari
11. Smt. Mira Das
12. Shri B. V. Abdulla Koyar
13. Shri Sudhir Ranjan Majumdar
14. Shri Tara Charan Majumdar
15. Shri Tindivanam G. Venkatraman

LOK SABHA SECRETARIAT

1. Smt. Revathi Bedi — *Deputy Secretary*
2. Shri Haripal Singh — *Under Secretary*

The Committee discussed with the representatives of the Ministry of Civil Supplies, Consumer Affairs and Public Distribution, the various points arising out of the List of Points, and their replies by the Ministry.

The Committee deliberated upon the excise concessions that were given to the Industry in the Budget. The Committee also discussed upon the aspects arising out of the move to exclude certain sections from the purview of the public Distribution System.

The Committee then Adjourned.

STANDING COMMITTEE ON FOOD, CIVIL SUPPLIES AND
PUBLIC DISTRIBUTION

MINUTES OF THE SITTING HELD ON 8TH SEPT., 1993

The Committee sat from 1500 hrs. to 1600 hrs.

PRESENT

Prof. Ram Kapse — *Chairman*

MEMBERS

Lok Sabha

2. Shri Shyam Bihari Mishra
3. Shri Manoranjan Sur
4. Shri Bir Singh Mahato

Rajya Sabha

5. Smt. Mira Das
6. Shri Tara Charan Majumdar

LOK SABHA SECRETARIAT

1. Smt. Revathi Bedi — *Deputy Secretary*
2. Shri Haripal Singh — *Under Secretary*

WITNESSES

1. Shri N.S. Chaudhary — *Secretary*
2. Shri M. Seetharam — *AS & FA*
3. Shri Pradhep Bajaj — *Joint Secretary*
4. Lt. General A.S. Bhullar — *DG, BIS*
5. Smt. Sathi Nair — *Joint Secretary*
6. Shri Rajiv Srivastava — *Joint Secretary*

The committee discussed with the representatives of Ministry of Civil Supplies, Consumer Affairs and Public Distribution, the various points arising out the List of Points and their replies by the Ministry.

The discussion stressed upon the Public Distribution System and its various aspects. The Committee deliberated upon the issues linked to consumer protection like the setting up of the Consumer Welfare Fund, promotion of consumer movement, consumer awareness and the consumer redressal forums.

The working of the BIS was also extensively discussed.

The Committee then adjourned.

STANDING COMMITTEE ON FOOD, CIVIL SUPPLIES AND
PUBLIC DISTRIBUTION

MINUTES OF THE SITTING HELD ON 15TH DECEMBER, 1993

The Committee sat from 1500 hrs. to 1545 hrs. on 15th December, 1993.

PRESENT

Prof. Ram Kapse — *Chairman*

MEMBERS

Lok Sabha

2. Shri Naranbhai Jamlabhai Rathava
3. Shri Bijoy Krishna Handique
4. Shri Gopi Nath Gajapathi
5. Shri Naresh Kumar Baliyan
6. Shri Shyam Bihari Misra
7. Shri Ramkrishna Kusmaria
8. Shri Kabindra Purkayastha
9. Shri Lal Babu Rai
10. Shri Shashi Prakash
11. Shri Syed Masudal Hossain
12. Shri Ramchandra Marotaro Ghangare
13. Shri Manoranjan Sur
14. Dr. (Smt.) K. S. Soundaram

Rajya Sabha

15. Shri Tara Charan Majumdar
16. Shri Jagannath Singh

LOK SABHA SECRETARIAT

1. Shri Satish Loomba — *Deputy Secretary*
2. Shri K. L. Anand — *Under Secretary*

The Committee considered and adopted the Draft Report on Annual Report of Ministry of Civil Supplies, Consumer Affairs and Public Distribution with certain modifications.

The Committee authorised the Chairman to finalise the Draft Report and present/lay the Report in both the Houses of Parliament.

The Committee then adjourned.