

10

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

(1998-99)

TWELFTH LOK SABHA

**MINISTRY OF FOOD AND CONSUMER AFFAIRS
(DEPARTMENT OF CONSUMER AFFAIRS)**

**DEMANDS FOR GRANTS
(1999-2000)**

TENTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

April, 1999/Chaitra, 1921 (Saka)

LC
328.3657R
N 8.10.1

CORRIGENDA TO THE TENTH REPORT (TWELFTH, LOK SABHA) OF THE
STANDING COMMITTEE ON FOOD, CIVIL SUPPLIES AND PUBLIC
DISTRIBUTION (1998-99).

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TENTH REPORT
STANDING COMMITTEE ON FOOD, CIVIL
SUPPLIES AND PUBLIC DISTRIBUTION
(1998-99)

(TWELFTH LOK SABHA)

MINISTRY OF FOOD AND
CONSUMER AFFAIRS
(DEPARTMENT OF CONSUMER AFFAIRS)

DEMANDS FOR GRANTS
(1999-2000)

Presented to Lok Sabha on 29.4.1999
Laid in Rajya Sabha on 22.4.1999



LOK SABHA SECRETARIAT
NEW DELHI

April, 1999/Chaitra, 1921(Saka)

Price : Rs. 26⁰⁰

PARLIAMENTARY

Central Govt Publications

Acc. No. FC 101391 (2)

Date.....5/5/99.....

LC

328.36574

11.8.10.1

© 1999 By LOK SABHA SECRETARIAT

Published under Rule 382 of the Rules of Procedure and Conduct of Business in Lok Sabha (Ninth Edition) and Printed by Jainco Art India, 13/10, W.E.A., Saraswati Marg, Karol Bagh, New Delhi-110005.

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COMPOSITION OF THE STANDING COMMITTEE ON FOOD,
CIVIL SUPPLIES AND PUBLIC DISTRIBUTION
(1998-99)

Shri Raghuvansh Prasad Singh — *Chairman*

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- 4. Shri Prabhas Chandra Tiwari
- 5. Shri Ramchandra Veerappa
- 6. Shri Gangaram Koli
- 7. Shri Shyam Bihari Misra
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- 21. Smt. A.K. Premajam
- 22. Shri Daroga Prasad Saroj
- 23. Shri R. Muthiah
- 24. Shri Akbar Ahmad Dumpy
- 25. Shri Ranen Barman
- 26. Shri Prakash Yashwant Ambedkar

* Ceased to be Member of the Committee w.e.f. 8.6.1998.

** Ceased to be Member of the Committee w.e.f. 9.8.1998.

*** Nominated to the Committee w.e.f. 8.6.1998.

27. Shri Bhim Prasad Dahal
****28. Shri S.K. Bwiswmuthiary
29. Shri Satnam Singh Kainth
*30. Shri Syed Hussain
\$\$\$31. Shri Tarlochan Singh Tur

Rajya Sabha

32. Smt. Urmilaben Chimanbhai Patel
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***47. Shri D.P. Yadav
***48. Shri Sukhdev Singh Libra

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2. Shri John Joseph — *Joint Secretary*
3. Shri Krishan Lal — *Deputy Secretary*
4. Shri P.D. Malvalia — *Under Secretary*
5. Smt. Manju Choudhary — *Committee Officer*

**** Ceased to be Member of the Committee w.e.f. 25.6.1998.

* Ceased to be Members of the Committee w.e.f. 4.7.1998.

** Ceased to be Member of the Committee w.e.f. 18.6.1998.

*** Nominated to the Committee w.e.f. 31.7.1998 and ceased to be member w.e.f. 15.9.1998.

§ Nominated to the Committee w.e.f. 17.7.1998.

§§ Nominated to the Committee w.e.f. 16.7.98.

§§§ Nominated to the Committee w.e.f. 11.8.98.

INTRODUCTION

I, the Chairman of the Standing Committee on Food, Civil Supplies and Public Distribution (1998-99) having been authorised by the Committee to submit the Report on their behalf, present this Tenth Report on Demands for Grants (1999-2000) relating to the Ministry of Food and Consumer Affairs (Department of Consumer Affairs).

2. The Committee examined/scrutinised the detailed Demands for Grants (1999-2000) of the Ministry which were laid on the Table of the House on 16th March, 1999.

3. The Committee took evidence of the representatives of the Ministry of Food and Consumer Affairs (Department of Consumer Affairs) on 31st March, 1999.

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

5. The report was considered and adopted by the Committee at their sitting held on 8th April, 1999.

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

NEW DELHI;
15 April, 1999
25 Chaitra, 1921 (Saka)

RAGHUVANSH PRASAD SINGH,
Chairman,
Standing Committee on Food,
Civil Supplies and Public Distribution.

PART I
CHAPTER I
REPORT

Introductory

1.1 The Demands for Grants (1999—2000) of the Ministry of Food and Consumer Affairs (Department of Consumer Affairs) was laid on the Table of Lok Sabha on 16th March, 1999. Demand No. 8 of the Department of Consumer Affairs contains the figures of Revenue as well as Capital Expenditure which are as follows:—

(Rs. in crores)

	Revenue	Capital	Total
Voted	27.37	1.79	29.16
Charged	—	—	—

1.2 The details of the Budget Estimates and Revised Estimates for (1998-99) as well as Budget Estimates for (1999-2000) are as under:—

Revenue Section

Major Head	1998-99 Budget			1998-99 Revised			1999-2000 Budget		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
1	2	3	4	5	6	7	8	9	10
Secretariat-Economic Services	3451	—	4.24	4.24	—	4.07	4.07	—	4.26
Industries	2852	3.00	—	3.00	2.00	—	2.00	2.45	—
Civil Supplies	3456	1.70	6.21	7.91	1.70	11.17	12.87	10.54	5.74
Other General Economic Services	3475	1.92	2.22	4.14	1.12	2.57	3.69	1.72	2.66
Grant-in-Aid to	3601	—	—	—	3.68	—	3.68	—	—
State Governments	3602	—	—	—	—	—	—	—	—
Total Revenue Section	6.62	12.67	19.29	8.50	17.81	26.31	14.71	12.66	27.37

	1	2	3	4	5	6	7	8	9	10
Capital Section										
Capital Outlay on Other General Economic Services	5475	0.48	—	0.48	1.48	—	1.48	1.79	—	1.79
Total-Capital		0.48	—	0.48	1.48	—	1.48	1.79	—	1.79
Grand Total		7.10	12.67	19.77	9.98	17.81	27.79	16.50	12.66	29.16

3

The details of recoveries adjusted on account in reduction of expenditure for revenue and capital section are as under:—

Revenue	6.62	7.67	14.29	8.50	16.81	25.31	14.71	9.66	24.37
Capital	0.48	—	0.48	1.48	—	1.48	1.79	—	1.79
Total	7.10	7.67	14.77	9.98	16.81	26.79	16.50	9.66	26.16

1.3 The Head-wise demands have been discussed in the succeeding paragraphs.

CHAPTER II

(a) Consumer Protection

Major Head — 3456

2.1 The BE and RE (1998-99) and BE (1999-2000) are as under:

(Rs. in crores)					
1998-99 (BE)		1998-99 (RE)		1999-2000 (BE)	
Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan
1.70	.75	1.75	.71	2.54	.74

2.2 Consumer movement is a socio—economic one which seeks to protect the rights of the consumer in relation to the goods purchased and services availed. Government has accorded a high priority to the programme of consumer protection. It has initiated a number of steps to promote a responsible and responsive consumer movement in the country. Such measures include the use of mass media for promoting consumer awareness and encouraging consumers' involvement through voluntary consumer organizations:

2.3 The main objectives of the consumer protection programme are:—

- (i) To create a suitable administrative and legal mechanism which would be within the easy reach of the consumers;
- (ii) To involve and motivate various sections of society such as consumer organisations, women, youth etc. to participate in the programme;
- (iii) To assist, encourage and provide financial assistance to voluntary consumer organisations to take up various consumer protection activities; and

- (iv) To generate awareness amongst consumers about their rights and responsibilities, motivate them to assert their rights and not to compromise on quality and standards of goods and services and seek redressal in consumer courts, wherever required.

2.4 The Consumer Protection Act, 1986 is a milestone in the history of socio—economic legislation in the country. It provides a separate three-tier consumer disputes redressal machinery at the national, state and district level. The Act is intended to provide simple, speedy and inexpensive redressal to the consumers' grievances.

(B) Consumer Courts and District Fora

2.5 To provide simple, speedy and inexpensive redressal of Consumers grievances, Government have established a three-tier quasi judicial machinery which is available in 543 districts of the country, 32 State capitals and the national capital rendering justice free of cost and covers all goods and services against any defect or deficiency including restrictive and unfair trade practices. Complaints can be filed on plain paper in the consumer courts and no fee is payable and engaging of a lawyer is not mandatory.

2.6 It has been observed that as on 16.11.1998, 2,11,693 cases are pending at the District level Fora. Last year the number was 212003. As regards State Commissions, a total of 55076 cases are pending which is slightly more than last years figure of 42502. A detailed information in respect of State Commission and District Fora have been compiled and is given at Annexure I.

2.7 Pending cases are extremely high in States like Maharashtra, Rajasthan, U.P., Bihar, Madhya Pradesh and Delhi. On being asked what are the reasons for pending of cases in Consumer Courts and what special efforts have been made to reduce pendency of cases particularly in States like Maharashtra, Rajasthan, U.P., Bihar Madhya Pradesh and Delhi, the Ministry in their written reply, stated as under:

- "The main reasons are (i) delay in appointing Presidents/members of the Fora, (2) inadequate infrastructure, and (3) filing of large

number of cases etc. The steps taken by the Central Government to improve the functioning of the consumer courts are as follows:

- “(i) Launched a one-time-grant of financial assistance scheme of Rs. 61.80 crores to the States/UTs to supplement their efforts strengthening the infrastructure of consumer courts.
- (ii) Department obtains periodic reports from the States on cases filed/disposed/pending, functioning/non-functioning of consumer courts, utilisation of financial assistance etc. with a view to constantly monitoring the functioning of these courts and suggest remedial action to States/UTs, wherever felt necessary.
- (iii) The functioning of the redressal fora is also reviewed from time to time in the meetings of the Central Consumer Protection Council when the Secretaries incharge of Consumer Affairs of the States/UTs are present. The officers of the Department also visit States/UTs to discuss the functioning of consumer courts with the officials of the States/UTs, President/Members of the consumer Fora.
- (iv) Department has asked all the States to create an independent Department of Consumer Affairs in their respective State/UT so that matters relating to consumer protection and functioning of consumer courts receive focussed attention.
- (v) Amendments were carried out to the Consumer Protection Act, 1986 in the years 1991 and 1993 to make the Act more meaningful and purposeful. Subsequently, on the recommendations of a Working Group constituted in 1995 an Expert Group was constituted in July, 1997, and the provisions of the Act were further reviewed. Based on the recommendations of this Group, an Amendment Bill is expected to be introduced in the parliament shortly to strengthen and make consumer courts more effective and to redress the grievances of the consumers quickly.
- (vi) The Consumer Coordination Council, which is a federation of consumer organisations, was asked to conduct a survey/study of the functioning of the consumer courts. The findings

have been sent to the concerned States/UTs for taking remedial action as suggested in the Report.

- (vii) Under Section 24 of the Act the National Commission has control over all the State Commissions and has to call for periodical returns regarding institution, disposal, pendency of cases. They have also to generally oversee the functioning of the State Commissions/district Fora to ensure that the objects and purposes of the Act are best served without in any way interfering with their quasi-judicial freedom”.

2.8 The Department, with the approval of Planning Commission, started a scheme to give one time grant to the States/UTs to supplement their efforts for strengthening the infrastructure of the consumer courts during 1995-97. Under the scheme, each State Commission was to be given Rs. 50 lakh and each District Fora Rs. 10 lakh in four equal instalments subject to reduction of pendency of cases. Department released Rs. 29.98 crore during 1995-96, Rs. 24.64 crore during 1996-97 and Rs. 3.50 crore during 1997-98 under scheme, the State-wise details are given at Annexure-II. Under one time Grant to States/UTs, the second and subsequent instalments were to be disbursed after achieving 50%, 70% and 90% of disposal of pending cases. When the Committee desired to know whether the procedure has been followed strictly, the Ministry replied as under:—

“According to the original scheme, excepting the first installment, the second and subsequent instalments were to be disbursed after achieving 50%, 75% and 100% disposal of pending cases in the courts. However, with practical experience gained, the target fixed for third and fourth instalment were found to be rather stringent. Therefore, the targets were relaxed to 70% and 90% disposal. Even then, these targets were found to be quite stiff to be achieved especially for the States like J&K, M.P., U.P. and West Bengal. The Department approached the Planning Commission to release the fourth instalment to these four States without linking it with the targeted disposal mainly because;

- (i) From the reports it was found that though these States could not achieve the targeted disposal however, they had shown distinct improvement in disposal of cases during the year.

- (ii) The disposal of cases in State Commissions was low as some of the Commissions did not have Presidents in position for a considerable stretch of time.
- (iii) The States of M.P. and U.P. were receiving a large numbers of cases in their State Commissions and they were not able to cope up with it. Therefore, they have proposed to grant permission for creating additional Benches/Commissions for liquidating/expediting the cases. Their proposals are under consideration.
- (iv) The achievement in J&K was low due to abnormal situation prevailing in that State for the last 10 years."

2.9 The Department is also conducting training programmes for the non-judicial members of the consumer courts to familiarize them with the consumer protection measures and expeditious disposal of cases. So far, 17 courses have been conducted and 445 members trained. The time limit for disposal of case is 90 days except for cases where the complaint require analysis or testing. In such complex cases the time limit is fixed at 150 days. Much of the delay in disposal of cases in Consumer Courts is also due to involvement of lawyers. On being asked whether the Government is contemplating to ban the practice of engaging lawyers in consumer courts, the Ministry, in their written reply, stated as follows:—

"One of the reasons for delay in deciding the cases in the consumer courts is the presence of lawyers. Engaging of a lawyer is not obligatory/compulsory/necessary under the Act to defend a case either by the complainant or by the opposite party. However, they are free to seek their services. The Govt. do not contemplate to ban the practice of engaging a lawyer in the consumer, as it would amount to violating their fundamental rights."

2.10 On being asked whether there is any proposal for setting up mobile courts in rural, hilly remote, tribal and inaccessible areas in the country, the Ministry, in their written reply, stated:—

"There is no proposal for running mobile courts in rural, hilly and remote areas. The responsibility for setting up District Fora rests with the States/UTs. They are authorised to establish more than one District Fora in any district."

(C) Consumer Welfare Fund

Major Head — 3456

2.11 The Government have established a Consumer Welfare Fund with a view to providing financial assistance for promoting and protecting the welfare of consumers, generate consumer awareness and strengthen consumer movement in the country.

2.12 The BE and RE of 1998-99 and BE of 1999-2000 are given below:—

(Rs. in crores)					
1998-99 (BE)		1998-99 (RE)		1999-2000 (BE)	
Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan
—	5	—	1	—	3

2.13 It may be seen that there is reduced allocation of Rs. 1 crore in the RE 1998-99 against the BE 1998-99 of Rs. 5 crore and less proposal of Rs. 3 crores in BE (1999-2000) in comparison to BE (1998-99). When the Committee asked about the reasons for less non-Plan allocation in 1999-2000, the Ministry in their written reply stated as under:—

“Governments/UT Administrations were taking time to scrutinise/verify and send their recommendations despite being reminded to expedite their recommendations. Keeping the above factor in mind the R.E. for 1998-99 was reduced to Rs. 1 crore and the B.E. for 1999-2000 has been kept at Rs. 3 crore. However, the position will be reviewed at R.E. stage keeping in view the progress of expenditure.”

2.14 So far, more than Rs. 55 crore has been credited to the Fund. Standing Committee constituted under the Consumer Welfare Fund Rule has cleared 364 proposals with a financial sanction of about Rs. 3.11 crore. The State-wise position of projects sanctioned under the Consumer Welfare Fund as on 23.3.99 is at annexure-III.

2.15 On being asked whether the Government have any scheme to promote atleast one consumer organisation in each district and how many districts in the country have no consumer organisations at all and the reasons for not providing such a facility in these districts, the Ministry, in their written reply, stated as under:-

"Government does not have any separate scheme to promote consumer organisations in each district, as these have to be formed by the people voluntarily. Such organisations are registered under the Registration of Societies Act. However, the Government has suggested to the State Governments to help the department in this regard and ensure that at least one consumer organisation is set up, to begin with, in each district of the State. The Member of Parliament have also been requested to urge the consumers in their constituencies to form voluntary consumer organisations at the village/district/block levels.

The Department extends financial assistance to the registered NGOs/consumer organisations for undertaking consumer protection activities. The Department has prepared a directory of voluntary consumer organisations which contains names and addresses of such organisations State-wise. This list has been prepared on the basis of the information furnished by the respective State Governments/UT Administration. However, no separate data is kept of the number of districts which have no consumer organisations."

(D) Advertisement and Publicity

2.16 In order to ensure that the message of consumer protection reaches every citizen of this country, the Department has taken a number of steps like preparing audio-visual and printed publicity materials. Some of such measures are as follows:-

(a) Audio Visual Publicity Measures

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

Video spots, covering various aspects of consumer protection have also been prepared and were telecast on Doordarshan.

30 second audio spots on Consumer Protection was prepared and broadcast on various commercial broadcasting stations of AIR. A ten minutes weekly programme "APNE ADHIKAR" on consumer protection is on the air in regional languages from various commercial broadcasting stations of AIR since December, 97. A 12 part serial on consumer related matters entitled "GRAHAK DOST" in Hindi was produced in collaboration with Doordarshan. this serial was telecast by Doordarshan from June, 1998. This is the first serial of its kind in the field of consumer protection. The department is now in the process of making this serial in regional languages to begin with.

(b) Printed material

In the field of printed publicity material, the Department has brought out the following materials which are distributed free of cost:—

Brochures entitled "Salient Features of Consumer protection Act, 1986", "Rights of Consumers" and "The Consumer Protection Act and You".

Booklets entitled "Help Prevent Adulteration", "Consumer Protection & Weights & Measures" and "Directory of Addresses of Redressal Agencies" have been printed.

Posters depicting consumer awareness messages.

Post card size material on consumer protection.

Seven booklets on various aspects of consumer awareness in Hindi, for their use in Adult Education Programmes, keeping in view the need of rural masses and womenfolk.

A revised and enlarged "Directory of Voluntary Consumer Organisations" was printed during the year 1998-99.

2.17 In addition, the Department is also bringing out a quarterly journal entitled "Upabhokta Jagaran" (Consumer Awakening) which disseminates useful information in the field of consumer protection. This journal is distributed to consumer organisations free of cost.

2.18 The aim of Consumer Protection Act, 1986 is to provide a speedy and free of cost redressal of grievances of consumers in respect of goods procured and services availed. The well off sections

of consumers are wise and strong enough to get their grievances redressed through other machineries too. It is the responsibility of the Government to get the justice delivered to poor sections of the people also who are continuously being cheated irrespective of the fact whether the services sector come under the Government or private. While negligence done by private doctors come under Consumer Protection Act and dealt accordingly in Consumer Courts, the government doctors go scotfree for the same offence. The Government has been contending that the Government doctors cannot be brought under Consumer Protection Act as their services are not rendered in lieu of payment made by consumers. If this is the only obstruction in providing justice to the needy consumers through Consumer Courts, a token fee of Re. 1.00 may be charged so that the Consumer Protection Act may cover the government Doctors under its purview. The Committee, therefore, desire that Government doctors may be brought under the Consumer Protection Act as a large section of poor people numbering more than 32 crores rush to Government Hospitals for treatment and many of them have to lose their lives due to sheer negligence by the Government doctors. Further, the Committee desire that the practice of treatment rendered by the Government doctors outside their official duties be totally banned and this must be done in consultation with Ministry of Family, Health and Welfare as many patients lose their lives due to lack of timely treatment by Government doctors.

2.19 Government had established Consumer Courts in 543 districts, 32 State Capitals and a National Commission at Delhi for rendering justice free of cost to protect the interests of consumers against defect or deficiency of any goods or services delivered to them. As on 16th November, 1998, 55076 cases are pending before State Commissions and 211693 cases before District Fora. A scheme was introduced in 1995 wherein the Central Government gave a one time grant to the States to set up State Commissions and District Fora so that pending cases could be disposed of quickly. Under this the State Commission was to get Rs. 50 lakh and each District Fora Rs. 10 Lakh. Under the One Time Grant (OTG) to States/UTs, the second, third and fourth instalments were to be disbursed only after achieving 50%, 75% and 100% of disposal of pending cases. But this criteria have not been strictly adhered to and was further relaxed to 70% and 90% for third and fourth instalments. But this target too could not be achieved specially in States like Jammu & Kashmir, Madhya Pradesh, Uttar Pradesh and West Bengal. The Committee

have also come to know that there is considerable delay in appointment of Presidents/Members of the Fora. Maharashtra, Rajasthan, Uttar Pradesh, Bihar, Madhya Pradesh and Delhi are high pendency States. If the aggrieved consumers do not get the redressal of their grievances in time, the purpose of Consumer Protection Act (CPA) is bound to be defeated. Our aim should be to ensure no pendency in any Consumer Court. The Committee, therefore, recommend that Government should in coordination with National Consumer Courts, enhance the monitoring over these Consumer Courts to reduce pending cases within a stipulated time frame.

2.20 The welfare of the consumer has been one of the paramount concerns of the Government in the post independence period. Policies have been formulated and legislations in this regard were enacted to protect the interests of consumers throughout the country. A total of 364 proposals have been cleared with financial sanction of about Rs. 3.11 crore from 1994 to 1998-99. There has not been any proposal forthcoming since 1994-95 from Arunachal Pradesh, Goa, Nagaland, Sikkim, Tripura and most of the UT Administrations. There is the problem of anomaly. The number of proposals from some States like Andhra Pradesh with 58 and Tamil Nadu with 63 are extremely high while only one proposal has come up from the State of Punjab so far. The proposals are verified by the respective State Governments/UT Administrations. Only then the same are placed before the Standing Committee on Consumer Welfare Fund. The Committee therefore, desire that genuine proposals of consumer organisations from every nook and corner of the country should reach the Standing Committee on Consumer Welfare Fund. The Government should chalk out a system by which the deserving NGOs/Organisations receive the requisite financial assistance and their monitoring should be strengthened. As far as possible, the disbursement of funds should be made in proportion to the population of the States/UTs. Such allocated funds out of States/UTs may be subsequently divided among the deserving NGOs coming from the States. The Governments must ensure even distribution of Funds among the deserving NGO's out of Consumer Welfare Funds to achieve the desired results.

CHAPTER III

(A) Consumer Cooperatives

Major Head: 3456

3.1 Consumer Cooperatives are playing an important part in providing essential commodities to the people at reasonable prices. As a policy, the Government of India have been encouraging the development of consumer cooperatives so as to protect the interests of the common consumers. The consumer cooperative are managed and controlled by the members through democratically elected bodies.

Structure of Consumer Cooperatives

3.2 The consumer cooperatives have a four-tier structure comprising primary consumer stores with branches functioning at the grass-root level, the wholesale/central consumer stores with their branches at district/taluka level, the State Consumer Cooperative Federations at the State level and the NCCF of India Ltd., at the national level. However, in the States located in the North East and in the smaller States/UTs composite State level consumer-cum-marketing federations which deal with consumer articles also, are functioning.

3.2A The BE and RE of 1998-99 and BE of 1999-2000 in this regard are given below:-

(Rs. in crores)					
1998-99 (BE)		1998-99 (RE)		1999-2000 (BE)	
Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan
—	.46	—	9.46	8	2.00

3.3 On being asked the reason for such a quantum jump in non-Plan RE 1998-99, the Ministry in their written reply stated:-

“The onion prices showed an abnormal increase during January-February, 1998. In order to alleviate the problems

faced by the consumers, it was decided by the Government to distribute onions at a subsidised rate to the vulnerable sections of the society in Delhi. Accordingly, the Department of Consumer Affairs with the approval of the CCP had initiated a scheme of public distribution of onions through public distribution agencies from 4.1.98 to 22.2.98. the NAFED was directed to procure onions from the producing areas and supply to the distributing agencies at a subsidised rate. The actual loss for the scheme was borne by the Department of Consumer Affairs. NAFED suffered a loss of Rs. 96 lakhs towards the entire operation out of this, Rs. 50 lakh was provided from the budget of 1997-98 and a provision of Rs. 46 lakhs was made in the budget for 1998-99 to make the balance payment. The onion prices again started showing an abnormal trend in July, 98. The increase in the prices was higher at Delhi as compared to other parts of the country. In order to help the consumers, the Government decided to distribute onions at a subsidised rate of Rs. 10 per kg. at Delhi from 14.7.98. Due to unfavourable climatic conditions and intermittent heavy rains in the producing areas, the kharif crop was damaged and arrivals delayed resulting in the continuation of the scheme up to 31.12.98. NAFED was authorised to procure onions from producing areas and supply the same at subsidised rates to distributing agencies. The Department of Consumer Affairs had agreed to reimburse the actual losses to NAFED. The entire operation from 14.7.98 to 31.12.98 involved a total subsidy of Rs. 10.72 crores. In order to make payment of subsidy an amount of Rs. 9 crores was provided in the revised estimates for 1998-99. The same has been reimbursed to NAFED. The balance of Rs. 1.72 crores is yet to be paid to NAFED."

3.4 It may be seen that there is provision of Rs. 8 crore as Plan and Rs. 2 crore as non-Plan in the BE of 1999-2000. While no plan provision was there in the BE and RE of 1998-99. This is because the Planning Commission did not agree to the allocation of funds to the NCCF during 1997-98. Though the Planning Commission agreed to the Department's proposal for a one time financial assistance to the extent of Rs. 8 crore during 1998-99 through supplementary Demands for Grants, the Finance Ministry, did not agree to the same.

3.5 On being asked as to how the Government propose to spend Plan and non-Plan allocations during 1999-2000, the Ministry, in their written reply, stated:-

"A provision of Rs. 2 crores (non-plan expenditure) has been provided in the Budget Estimates for 1999-2000 for undertaking market intervention operations during the year 1999-2000 in respect of perishable essential commodities in the event of shortage or increase in their prices. In so far as the plan allocation of Rs. 8.00 crore in BE 1999-2000 is concerned, this amount has been earmarked for providing to NCCF as a one time financial assistance so that NCCF is able to repay its loan and interest taken from Banks and the Government of India and reduce its loan and interest liability. With this, the NCCF would also become credit worthy for being financed by Banks and Financial Institutions. The amount is proposed to be released to NCCF in the form of share capital contribution by Government of India so that no fresh interest liability is imposed upon NCCF."

3.6 The Consumer Cooperative Sector is playing an important role in strengthening the Public Distribution System (PDS) in the country. States like Madhya Pradesh and Tamil Nadu have almost all their fair price shops numbering 24,099 and 23,622 (upto December, 1997) respectively, in the cooperative sector. As against a total No of 4,49,469 fair price shops in the country upto December, 1997, 94,124 i.e. 20.94% were being managed by the Consumer Cooperative Stores in the Country.

3.7 On being asked what steps the Government have taken/are taking to open consumer cooperatives in uncovered areas, particularly rural, remote, hilly far-flung and inaccessible areas of the country, the Secretary deposed before the Committee as under:-

"The Working Group on Agricultural Credit & Cooperation for the formulation of 9th Year Plan had envisaged the setting up of modern cooperative department stores in hitherto uncovered areas evolving a common strategy for development of consumer activities through cooperatives particularly for rural, remote, hilly and inaccessible areas of the country. With a view to achieve the above, the Working Group recommended the revival of the two Centrally Sponsored Schemes, which were transferred to the State Sector w.e.f. 1.4.92 namely development of urban

consumer cooperatives and assistance to village level societies for strengthening the rural consumer business with an outlay of Rs. 90 crores. While the urban scheme had envisaged an outlay of Rs. 40 crores under which assistance was to be released through State Governments, the rural scheme had envisaged and outlay of Rs. 50 crores proposed to be released through the NCDC. This Department had taken up the matter with the Planning Commission for revival of these two Centrally Sponsored Schemes. The Planning Commission, however, did not agree with the same."

(B) National Cooperatives Consumer Federation (NCCF)

3.8 The National Cooperative Consumer Federation of India Ltd., (NCCF) was registered in the year 1965 as an apex body of consumer cooperatives in the country. Its main objective is to provide supply support to its members, in particular, and other consumer cooperatives, in general for distribution of consumer goods. It also renders technical and promotional guidance and assistance for increasing operational and managerial efficiency of the consumer cooperative stores. The Commercial operations of the NCCF are undertaken through its headquarters at New Delhi and 15 branches and 8 liaison offices/depots located in different parts of the country. It has also set up two pulses processing units at Bhiwani and Nagpur.

3.8A As on 31.3.1998, the membership of the NCCF was 130. The Membership of NCCF comprises the Government of India, the NCDC, the two National level federations i.e. National Agricultural Cooperative Marketing Federation of India Ltd. (NAFED) and National Cooperative Union of India (NCUI), State level federations and wholesale/primary stores.

3.9 NCCF is engaged in procurement and distribution of items in bulk like foodgrains, pulses, spices, textiles and various manufactured consumer goods. It has also made centralised arrangement for supply of selected consumer goods such as tea and iodized salt in consumer packs, toilet soap, match boxes and exercise note books in different States for distribution as additional item under PDS. In order to make available onion, potatoes and atta at rates prescribed by the Government of NCT of Delhi, NCCF has undertaken the distribution of these commodities to the consumers through its branches and mobile van shops. This has

made a sobering effect on the retail prices of these items and availability in the open market in the Capital.

3.10 On being asked how NCCF proposes to achieve the desired result in view of allocation of only Rs. 8 crore against the demand of Rs. 12 crore, the Ministry in their written reply, stated as under:-

"The NCCF's demand for financial assistance of Rs. 12 crores was based on the recommendation of an Expert Committee appointed by the Govt. of India in December, 1996. The Committee after examination of the financial position of the NCCF, in its report submitted in April, 1997 suggested that NCCF would be requiring Rs. 12 crores to liquidate its un-secured loan liability with the banks. During 1997-98, the NCCF was able to recover Rs. 4.22 crores towards a long pending insurance claim which was entirely utilised for reduction of the loan liability with the UCO Bank. In view of this, the Planning Commission while accepting the proposal for one time financial assistance reduced the allocation from Rs. 12 crores to 8 crores.

The one time financial assistance of Rs. 8 crores from the Govt. will cover the existing loan liability of the NCCF with the banks."

3.11 When asked what were the future plans/programmes of NCCF to convert it into profit making cooperative by paying all debts and dues, the Ministry, in their written reply stated thus:-

"The following are the summarised working results of NCCF for the year 1996-97, 1997-98 & 1998-99 (upto January, 1999):

(Fig. in crores of Rupees)

Particulars	1996-97	1997-98	1998-99 (upto Jan'99)
1	2	3	4
Sales	207.29	256.27	231.49
Gross Income	9.04	13.45	9.07

1	2	3	4
Expenditure:			
Establishment Exp. (VRS)	4.47	4.85	4.55
Finance Charges	3.01	3.83	2.25
Administrative Expenses	1.52	1.61	1.33
Other Expenses	0.90	2.56	0.67
Total Expenses	9.90	12.85	8.80
Profit/Loss	(—) 0.86	(+) 0.60	(+) 0.27

From the above figures, it may be observed that the interest cost works out to 30.38% of the total expenditure during 1996-97, 29.78% during 1997-98 and 25.53% during 1998-99. This heavy provision of interest on the loan availed in the earlier years making the business operations un-viable, thus affecting the profitability inspite of substantial increase in sales turnover and the gross income.

NCCF anticipates substantial improvement in the profits after the interest liability is reduced on payment of outstanding loans with the banks. NCCF expects to achieve a sales turnover of around Rs. 280 crores and earn a net profit of about Rs. 50 lakhs during 1998-99. The NCCF has projected sales turnover of Rs. 350.00 crores in 1999-2000, 425.00 crores in 2000-2001 and 500.00 crores in 2001-2002 with net profit of Rs. 4.50, 5.25 and 6.25 crores respectively."

3.12 The sales achieved by the NCCF during the year 1997-98 was Rs. 255.77 crore with a net profit of Rs. 59.82 lakh as against sale of Rs. 207.29 crore with a net loss of Rs. 85.65 lakh during 1996-97. This has reduced the accumulated losses of NCCF from Rs. 39.09 crore to Rs. 38.49 crore as on 31.3.1998.

(C) Super Bazar

3.13 The Super Bazar, the Cooperative Store Limited, started functioning from July, 1966 with one Super Market at Connaught Place, New Delhi. The Store has now grown into one of the largest consumer cooperative stores in the country with annual sale turnover of Rs. 126.80 crore (tentatively) during the year 1997-98. It has now 152 branches. The Super Bazar, Delhi had been continuously earning profits since 1972-73 to 1995-96 and regularly paying dividend to its members, including the Government. The Super Bazar had, however, sustained losses since 1996-97 and its sales had declined during 1997-98. Steps have, however, been initiated by the Super Bazar to increase its sale and profitability. The working results of the Super Bazar during last three years were as under:-

(Rs. in Lakhs)			
	1995-96 (Audited)	1996-97 (Audited)	1997-98 (Tentative)
1. Sale	13654.73	13847.85	12680.31
2. Gross Profit	1157.94	1157.58	1066.80
3. Net Profit (+) Loss (-)	(+) 27.61	(-)67.65	(-)321.33

3.14 The main objectives of Super Bazar are as under:-

- (i) to undertake wholesale and retail distribution of consumer goods, essential commodities and to establish a chain of departmental stores, to maintain regular supply of such commodities;
- (ii) to raise the quality of products and maintain minimum standards;
- (iii) to lower distribution cost, introduce fair and better trade practices and to contain the rising trend of prices in the open market.

3.15 During the year the Super Bazar has undertaken distribution of onion, potatoes, palmolein and atta in the Capital as their prices

had shown sudden increase in the open market. The action taken by the Super Bazar, Delhi has helped in increasing the availability of these commodities in the open market thereby helping the consumers to get these commodities at reasonable prices. The role of the Super Bazar has been appreciated by the consumers in the Capital.

3.16 When asked the reasons for not allocating funds from 1997-98 to 1999-2000 to Super Bazar when it had started running in losses from 1996-97 itself, the Ministry, in their written reply, stated as follows:-

"The financial assistance to Super Bazar was provided in the shape of share capital, loan and subsidy for strengthening its financial base and to undertake diversification and modernization. Since the Government had decided to transfer the administrative control of the Super Bazar from the Govt. of India to Govt. of NCT of Delhi, no financial assistance was allocated for Super Bazar since 1997-98 onwards. It may also be added that the Govt. of India do not release any financial assistance to off-set any losses sustained by the Super Bazar."

3.17 When asked what are the main factors and causes which contributed towards the losses in urban branches of Super Bazar and what remedial steps have been taken to prevent such losses and whether Government is contemplating to close such uneconomic branches and what is the criteria adopted, the Ministry, in their written reply, stated:-

"According to the information furnished by the Super Bazar, 67 of its branches were having monthly sales less than Rs. 3 lakhs which are considered to be unviable. The main reasons for losses in the urban branches are (i) stock outs and delay in replenishing the stocks, (ii) the prices of goods being higher in some cases, (iii) downward trend in sales, (iv) lack of experienced staff etc. The Super Bazar has informed that there is no plan to wind up uneconomic branches. Since most of these branches are located in areas inhabited by the lower section of the society. The branches of the Super Bazar have been opened in such localities to cater to the requirements of the public. Efforts made in the past to wind up unviable outlets have met with stiff resistance."

3.18 When asked whether Super Bazar is buying commodities from NCCF and what are the items bought, the Ministry in their written reply, stated:-

"The Super Bazar has informed that they make purchase of textiles, pulses, spices, etc. from the NCCF."

3.19 Further when asked what are the reasons for the difficulties being faced by the Super Bazar during oral evidence, the Secretary replied as follows:-

"These are three reasons for the difficulties being faced by the Super Bazar. One is, as he explained, financial problem and the other is the managerial problem. The financial problem is self-inflicted. As I said, if it is a commercial organisation, it should have run as a commercial organisation. But for reasons which I do not want to discuss here, for quite some time, it was not running as a commercial organisation. If it has been running as a commercial organisation, there cannot be goods sold without the money being paid. Over several years, he has sold the goods to the Government Departments as demanded by the Government, but the payment has not been made and his total arrears have accumulated to Rs. 9 crore. I am not taking the interest into account, though commercial interest should also be charged on that. He has financial problems and he has got too many workers. He has also decided to implement the Pay Commission Report because there are pressures from the unions, workers and from the people. He has agreed to implement the wages. He does not have the money to pay his bills. He has not received the money for the goods sold, and he has managerial problems. The Board of Directors which is managing this Bazar has been there for nine years. Their term is over and when a new Board was to be constituted, the court gave a stay order."

(D) National Agriculture Cooperative Marketing Federation of India Limited (NAFED)

3.20 The National Agricultural Cooperative Marketing Federation of India Limited (NAFED) is a national level federation. It is a member of NCCF. During the recent crisis due to unprecedented rise in prices of essential commodities, NAFED has done an admirable service by distributing onions at subsidised rate of Rs. 10.00 per Kg.

3.21 On being asked what amount of subsidy has been paid to NAFED during 1998-99 for distributing onion, the Ministry, in their written reply, stated as follows:—

“The Department of Consumer Affairs with the approval of the Cabinet Committee on Prices had undertaken public distribution of onion at subsidised rate at Delhi from 14.7.98 to 31.12.98. The total amount of subsidy for the entire period of operation was Rs. 10.72 crore. Out of this, an amount of Rs. 9 crores has already been reimbursed to NAFED. During the year 1998-99, a total amount of Rs. 9.46 crores has been paid to NAFED. Out of this, Rs. 0.46 crores relates to the losses suffered by NAFED for the public distribution of onion during the year 1997-98.”

3.22 At present Super Bazar has 67 of its branches achieving sales below the monthly sale limit of Rs. 3 lakh which is considered to be unviable. The main reasons for losses are lack of experienced staff, downward trend in sale, the prices of goods being higher in some cases than the Open Market Price, delay in replenishing the stock etc. The Super Bazar was established to provide consumer goods and other items of daily needs at reasonable prices. Last year in 1998 it was observed that Super Bazar was selling pulses on a rate higher than the market retail price. This may be the reason for less turnover. This is aggravated due to inferior managerial efficiency. In addition to this the amount of credit sale outstanding as on 31st January, 1999 was Rs. 9.68 crore. After much effort a meagre amount of only Rs. 71.95 lakh could be recovered from 15.7.98 to 20.2.99. In the context of the above, the Committee strongly recommend that all efforts be made to make the uneconomic branches of Super Bazar viable and outstanding dues of about 9 crore be recovered within a stipulated time and in any case not beyond the current financial year 1999-2000. They should also purchase the essential commodities from the wholesale millers rather than from the open market to reduce costs.

3.23 National Agricultural Cooperative Marketing Federation of India Ltd. (NAFED) is a body of Ministry of Agriculture and it caters to the needs of farmers and consumers. They are required to provide remunerative prices for the crops of farmers and to supply essential commodities to consumers at a reasonable price and also to participate in market intervention operations. A total of Rs. 9.46 crore has been paid to NAFED during the year 1998-99 for Market Intervention Operation in Delhi only. The interest of consumers in

other parts of the country was not looked after; even their operation was not fruitful. In addition to this, tonnes of onion was damaged due to lackadaisical attitude of the officials. The Committee, therefore, desire that in such high price situations not only the interests of the people of Delhi be kept in sight but similar Market Intervention Operations (MIO) be invoked in other parts of the country, especially North-Eastern States.

3.24 The Committee also recommend that defaulting agencies be brought to book. It is also the desire of the Committee that sufficient and appropriate storage facilities be available at all times to meet the demands of masses. The Committee further recommend that in any situation of scarcity, the Government should fix and enforce Maximum Selling Price.

3.25 The function of supply support in distribution of consumer goods is done by the National Cooperative Consumers Federation (NCCF). The accumulated losses of NCCF as on 31.3.98 is Rs. 38.49 crore. Though the one time financial assistance of Rs. 8 crore will cover the existing loan liability of the NCCF with the banks, the Committee are still doubtful whether the performance of the NCCF will improve in future. It is strongly felt by the Committee that unless some structural improvement is considered by the Government, the future of NCCF will still remain bleak. They, therefore, recommend that besides proper utilisation of the one time grant, some structural reconstruction of the NCCF should be taken up. Otherwise the Government should try to streamline business so that NCCF could cover their loans themselves.

CHAPTER IV

BUREAU OF INDIAN STANDARDS

4.1 The Bureau of Indian Standards, the National Standards Body of India, became functional as a statutory body under the Bureau of Indian Standards Act, 1986 with effect from 1 April, 1987 taking over the staff, assets and liabilities of the Indian Standards Institution established in 1947. The Bureau has been successfully promoting and nurturing the Standardisation movement in the country, during 1998-99, BIS has made all round progress in its various activities relating to standardisation, certification (both product and quality systems.)

4.2 The main function of BIS include formulation and promotion of standards, certification of products and quality system, environment management system certification, Hazard Analysis and Critical Control Point (HACCP) certification and training programme. The Budget Estimate (BE), Revised Estimate (RE) 1998-99 and Actual Expenditure (AE) for Bureau of Indian Standards are as under:-

Year	B.E. Plan	R.E. Plan	A.E.
1997-98	3.00	2.85	2.85
1998-99	3.00	2.00	1.15 (as on 28-2-99)
1999-2000	2.45	-	-

4.3 On being asked how the Government propose to spend the Plan allocation during 1999-2000, the Ministry, in their written reply stated:-

“The plan for building of Training Institute is being worked out and it is estimated that during 1999-2000, the contract for construction would be awarded and construction initiated. The plan allocation would thus, be utilized towards payment relating to the planning and construction of the building.”

4.4 The BIS has launched the Environmental Management System (EMS) Certification Scheme for industrial units which are conscious of the need for maintaining a greener environment. The scheme will have a bench mark for compliance with environmental laws applicable in the country with emphasis on continuous improvement. A number of officers have been trained in this field and a new department namely the Environmental Management System Department has been set up for certification of Environmental Management System.

4.5 On being asked about the achievements of the recently developed certification of EMS in 1998-99 and targets for 1999-2000, the Ministry in their written reply stated:-

“In the year 1998-99, three EMS certification licences have been granted and 12 applications are at different stages of processing. The target for the year 1999-2000 is being worked out. The proposed target is for 10 licences.”

4.6 Manufacturers have been found to be using forged ISI marks on their products without getting licence from BIS. When the Committee asked whether BIS has received complaint about this and what are the different forms of misuse and also the action taken in this regard, the Ministry in their written reply submitted as under:-

“The number of such complaints received during the last three years are given below:-

1996-1997	118
1997-1998	54
1998-1999 (upto Feb. 1999)	48

These figures include cases registered against non-licensees as well as licensees of BIS who were allegedly misusing the Standard Mark on the products not covered in the issued licence.

Major forms of misusing the ISI Mark are indicated below:-

- (i) Use of ISI Mark by non-licensee.
- (ii) Colourable imitation of the ISI Mark by non-licenee.
- (iii) Use of ISI Mark by licensee on the products, types, varieties, sizes, grades not covered under the licence.
- (iv) Use of ISI mark on the product by licensee during the suspension of licence or when the 'stop marking' instructions have been given.

4.7 To curtail such activities by defaulting manufacturers, Govt. made raids.

Number of raids made during the last three years are given below:—

1996-1997	27
1997-1998	34
1999-2000	34
(Up to Feb. 1999)	

Help of State police is taken while conducting raids/search and seizure operations.

4.7(a) A separate "Enforcement" department was set up in BIS in 1992. This deptt. coordinates enforcement activities relating to misuse of Standard Mark or its colourable imitation by any person or organization who is not holding valid licence from BIS. The enforcement functions are carried out with the help of Regional/Branch Offices spread all over the country; each having an enforcement Nodal Officer under the overall coordination of BIS Headquarters.

4.8 When asked about the achievement of Consumer Welfare activities performed by BIS, the Ministry, in their written reply, stated as under:-

"BIS has set up a Consumer Affairs and Public Grievances Deptt. which looks after complaints from the consumers regarding unsatisfactory quality/performance of the products certified

under the BIS certification marks scheme. During the year 1998-99, so far, 71 such complaints from the consumers have been settled.

On World Consumer Day, a Consumer awareness programme was organized by BIS in association with the Ministry of Food & Consumer Affairs on 15 March 1999.

In the programmes of consumers' interest organized by other organizations, brochures on the specific subjects of consumers interests were distributed to spread the awareness about the activities of BIS with specific reference to Certification Marks Scheme operated by BIS.

In order to take care of the interest of the consumers, representation has been given to a large number of consumer organizations on the technical committees and Division Councils of BIS responsible for formulation of Indian Standards."

4.9 Government has established BIS Institute of Standardisation and Quality Management at NOIDA in September, 1995 with the primary objective of training the personnel from industry, Government, technical institutions, Research and Development Centres and fresh engineers in the areas of operation of Bureau of Indian Standards.

4.10 When asked how the Government ensures to complete the project by 31st March, 2001, the Ministry in their written reply stated as follows:-

"Land has already been acquired. Boundary wall is being got constructed through CPWD for which an amount of Rs. 19.57 lakhs has been paid. Action is being taken for preparation of building plans. Construction of building is likely to commence during 1999-2000. Progress of the project will be monitored by the Govt. periodically."

4.11 The BIS is formulating and providing standards, different types of product and quality certification to industries and is solely responsible to check the misuse of ISI certificates by traders/manufactures. The different forms of misuse of ISI trade mark by non-licencees are use of ISI mark by licencees on products, types, varieties, sizes, grades not covered under the licence and use of ISI

mark during the suspension of licence by them. Many brands of food, pharmaceuticals, domestic electric appliances, soaps and even bottled mineral water in the market fall short of the BIS standards. The Consumers have regularly been bearing such injustices in the hands of manufactures.

4.12 BIS have conducted 95 raids in 1998 but the prosecution rate is very slow. Out of 133 old cases, only 36 cases have been decided. The Committee express their concern over the lengthy trial process taken in the courts and desire that some modifications in the rule/law/bye-laws may be made to sternly deal with the defaulters within stipulated time frame. The Committee, therefore, strongly recommend that enforcement and vigilance activities be strengthened further and if need be provisions of rules, Bye-laws under BIS Act be made more stringent to arrest the menace of misuse of ISI Mark.

CHAPTER V

REGULATION OF MARKETS

Major Head: 3475

5.1 To ensure proper regulation of Forward/Futures Trading, the Government have established Forward Markets Commission. The B.E. and R.E. (1998-99) and B.E. (1999-2000) for the purpose are as under:—

(In crores of Rupees)					
B.E. (1998-99)		R.E. (1998-99)		B.E. (1999-2000)	
Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan
1.70	1.22	0.96	1.40	1.51	1.45

5.2 On being asked about the reasons for the wide variation in RE 1998-99 and BE 1999-2000 and what are the activities undertaken during 1998-99 and how the Government propose to spend the amount in 1999-2000, the Ministry in their written reply, stated as follows:—

“There have been an increase in R.E. 1998-99 as compared to B.E. 1998-99 in respect of the non-plan expenditure. The increase is under the head ‘salaries’ because additional 27 posts have been sanctioned for the Forward Markets Commission in November 1998 and the pay scales of the Senior Research Assistants and Junior Research Assistants have been revised upwards by Government; under the sub-head ‘domestic travel’ expenses because of increase in the air and train fares and increase in the rate of daily allowance;

Under the head ‘plan’ the revised estimates 1998-99 are Rs. 0.96 crores against the B.E. provision of Rs. 1.70 crores. This is the first time in many years that provision for plan has been made for the Forward Markets Commission. This provision is for implementation of the World Bank assisted Project. The

implementation of the Project got slightly delayed because of various factors including delay in approvals by the World Bank and that is why the expenditure during the current year would be less than that originally estimated. The project is of two years duration and has commenced in May 1998 and will continue till May 2000. The entire expenditure will, therefore, be incurred during the 3 years (1998-99, 1999-2000 and 2000-2001) against the original expectation of only two financial years *viz*, 1998-99 and 1999-2000.

In the year 1999-2000 the expenses under the non-plan would be on salaries, travel expenses, office expenses etc. There would be some increase over the 1998-99 expenses as the recently created posts are expected to be filled up during the year.

Under the plan the expenditure will be incurred on availing of the consultancy services of Foreign as well as Indian experts to provide technical inputs for improvement in the working of commodity exchanges and the Forward Markets Commission; in organising training programmes for the office-bearers, employees and members of the Commodity Exchanges as well as imparting training to FMC officers; and in arranging visits of representatives of commodity exchanges, Government and FMC officers to some of the commodity exchanges and regulatory agencies outside India."

5.3 At present, future trading is regulated through 15 recognised associations in 8 (eight) commodities *viz.*,

- (i) Castorseed at Mumbai, Ahmedabad and Rajkot;
- (ii) Pepper at Kochi; (both domestic and International)
- (iii) Turmeric at Sangli;
- (iv) Potatoes at Hapur, Kanpur and Agra;
- (v) Gur at Hapur, Meerut, Muzaffarnagar, Bhatinda, Ludhiana, Gwalior, Agra, Kanpur and Delhi;

- (vi) Hessian at Calcutta;
- (vii) Jute sacking at Calcutta;
- (viii) Cotton at Mumbai.

5.4 Besides, forward trading in the transferable specific delivery (T.S.D.) contracts and non-transferable specific delivery (N.T.S.D.) contracts are regulated in raw jute and jute goods under the auspices of one recognised Association at Calcutta. Likewise, trading in N.T.S.D. contracts continues to be regulated in cotton of different descriptions under the auspices of 8 recognised associations at Mumbai, Ahmedabad, Vadodara, Ujjain, Surat, Indore, Coimbatore and Guntur.

5.5 Forward/futures trading involves a passage of time between entering into a contract and its performance, making thereby the contracts susceptible to risks, uncertainties, etc. Hence the need for the regulatory functions to be exercised by the Commission.

5.6 On being asked about the pros and cons of an independent clearing house in castor oil, the Ministry in their written reply stated as under:-

"In the traditional system of trading those who have to make payment first make the payment to the Exchange (pay-in) and thereafter the exchange makes payment to those who have to receive the payment (pay-out). There is thus a time gap between "pay in" and "pay out" and more important, the 'pay out' is dependent on 'pay in'. Thus in case of any disturbance in the market if 'pay in' is held up or delayed, the corresponding 'pay out' is also held up or delayed. This adversely affects the market sentiment and confidence of market participants. To overcome these difficulties the concept of independent clearing house has been evolved where clearing house acts as a counter party to each side of the trade. The clearing house becomes a buyer to all the sellers and a seller to all the buyers. The payment due to a member is made by the clearing house and the clearing house in turn collects the payment from the concerned market participants. To run this system, the clearing house imposes some discipline in the form of a limit up to which a trader can clear his trades, payment of margin in advance, contribution

to equity capital, payment of clearing fee etc. the independent clearing house eliminates the uncertainty in the mind of operators and thereby helps and boost the confidence and thereby liquidity.

The pros and cons of an independent clearing house in castor oil are as under:—

Pros:

- (i) There will be a guarantee of financial performance of the contract *i.e.* somebody who has entered into a contract and the contract has been cleared will be assured that the contract will be financially performed.
- (ii) This will improve the confidence of market participants and thereby the liquidity of the contract.
- (iii) It will be possible to clear trades in more than one commodity and also the trades in more than one exchange through the same clearing house.

Cons:

- (i) There will be a requirement of the trading members to acquire either membership of the clearing house or have association with someone who is a member of the clearing house.
- (ii) Need for trading members to contribute to the equity of the clearing house and payment of margins in advance; and
- (iii) It will involve payment of clearing charges.”

5.7 On being asked about the achievement of FMC in regulating Forward/future trading so far, and what are the proposals for 1999-2000, the Ministry, in their written reply, stated:

“The efforts of the Forward Markets Commission in the recent past have been to improve the working of the Commodity Exchanges and to enhance the self-regulating capacity of these commodity exchanges. Towards this end the Commission has been interacting with the Commodity Exchanges on a

continuous basis and some of the measures suggested and implemented are:-

- (i) **Introducing daily clearing.** Presently all the commodity exchanges where hedge trading is organised have daily clearing compared to weekly clearing in some of the exchanges that prevailed two years back.
- (ii) **Immediate reporting of transactions.** Earlier the transactions of the day were reported at the end of the day or sometimes in early morning next day. Efforts are under way to persuade the exchanges to introduce the system of immediate reporting of transactions as soon as the same are transacted in the trading ring.
- (iii) **Preparing clearing statements before trading commences on the next day.** Some of the exchanges have been persuaded to install computers and have software whereby the transactions reported during the day are used for preparing clearing statements in respect of each of the members and these statements being made available to the concerned members. This would enable smooth conduct of trading and clearing operations.
- (iv) **Improving the security of the contracts,** through upward revision of the security deposits paid by the trading members as well as in the rates of margins.
- (v) **Improving the financial position of the exchanges** by suitable upward revision in the rates of annual subscription and the transaction fee charged from the members and registered non-members.
- (vi) **Improving the trading practices** in the exchanges.

During 1998-99 futures trading has been organised in Pepper, Gur, Potato, Castorseed, Hessian and Jute Sacking. Even though an Exchange is recognised for futures trading in Turmeric, the Exchange continued to be non-operational because of their internal weakness; futures trading in Cotton was started in December 1998 and futures trading in Potato though conducted continue to suffer from very low volumes of trading. In respect of commodities where trading was conducted, price discovery

and price risk management system has been effective during the year. During 1999-2000 it is expected that the exchanges organising hedge trading in Coffee and Cotton will become operational. It is also expected that hedge trading will commence in Soyabean, Soyabean oil and Soyabean oilcake. It is also expected that hedge trading in some more major edible oils will be introduced during 1999-2000."

5.8 When the Committee asked about the market monitoring and surveillance activities for commodity exchange, what steps have been taken to curb illegal forward trading and how many persons have been prosecuted for violation of Forward Contracts (Regulation) Act, 1952, the Ministry in their written reply stated as under:-

"The Forward Markets Commission uses a number of instruments for market monitoring and surveillance activities. These are:

- (i) Receipt and analysis of periodical reports from Commodity Exchanges regarding prices, volume of trading, open position, deliveries, due date rate, etc.
- (ii) Grant of trading permissions before commencement of trading in every contract month. The trading permissions list out various limits for parameters for trading, like limits on price variation during the entire period of contract, limits on price variation during a day, limits on open position, collection of margins - ordinary and special.
- (iii) Periodic inspection of exchanges: This provides an opportunity to review the performance of the Exchange and to make suggestions for improvement in the working of exchanges.
- (iv) Handling of emergencies and crisis, if any: Normally the market runs smoothly but there are occasions when crises do occur. The Forward Markets Commission has to play an important role in resolving the crisis."

5.8a For violation of the provisions of the Act, raids are conducted by the concerned police authorities and thereafter the documents seized during the raid are forwarded to the Commission for its expert opinion. The Commission scrutinises the documents and gives its opinion as to

whether it is a fit case for launching prosecution or otherwise. Number of raids conducted by police authorities, the number of cases in which documents were received by the Commission, the number of cases scrutinised, number of cases in which prosecution was suggested and number of persons involved for the last 3 years is as under. Information regarding penalties imposed is not available.

Year	No. of Raids Conducted	No. of cases in which Documents Received by FMC	No. of cases scrutinised	No. of cases in which prosecution suggested	No. of persons involved in such cases.
1996-97	47	38	73	31	92
1997-98	58	37	41	23	45
1998-99	16	14	21	18	68

5.9 The price discovery and price risk management are the two important functions of the Forward Market Commission (FMC), Future trading is being organised in pepper, gur, potato, castorseed, Hessian and Jute sacking. But the achievement in all these is not upto the mark. For example in turmeric, the exchange could not take place due to some internal weaknesses. Similarly in potato, the commodity exchange continues to suffer very low volumes of trading and thus the seasonal variation in the prices could not be curtailed. The Committee, therefore, desire that the Government should streamline its machinery to contain the seasonal variations and prices of commodities, more particularly essential commodities.

5.10 The Forward/Future Contracts are prohibited or suspended in a number of commodities including many essential commodities consequently entering into such contract in these commodities is an offence. In this regard the number of cases in which prosecution has been suggested are 31.23.18 for the years 1996-97, 1997-98 and 1998-99 respectively. There is no information about final prosecution. The Committee therefore, recommend that the enforcement activities be streamlined and no organisation/association be spared of prosecution which is involved in illegal Forward/Future Trading.

5.11 To strengthen the Forward Markets Commission, on the request made by Government of India, World Bank, has approved a grant of US\$ 0.49 million under Institutional Development Fund. Government of India is also to make a matching contribution of US\$ 0.079 million. The IDF grant will be used to finance consultancy services, training, workshops and equipments relating to different activities of the Commission. This project is to be completed by 2001. The Committee desire that the whole amount be spent judiciously and the project be completed within the stipulated time.

5.12 One of the purposes for which the IDF amount is to be spent is for the visit to commodity exchanges and regulatory authorities outside India by office bearers of commodity exchanges and FMC/Govt. Officials. The Committee Strongly recommend that visits by office bearers of Commodity exchanges/FML/Govt. Officials must be minimised.

CHAPTER VI

ESSENTIAL COMMODITIES

6.1 The Department of Consumer Affairs closely monitors the prices and availability of essential commodities on a regular basis. The retail and wholesale prices of items like rice, wheat, gram, arhar, sugar, tea, vanaspati, mustard oil, groundnut oil, potatoes, onions and salt are monitored on daily and weekly basis. The daily retail prices of the above 12 commodities are collected in respect of 18 State capitals through the State Civil Supplies Departments. The daily prices are transmitted to the Control Room of the Department of Consumer Affairs through NIC-NET, Fax, Telephone, Telex, etc. The data thus received is compiled and a summary Statement is forwarded daily to the PMO, Cabinet Secretariat, etc. The Wholesale prices of the above 12 commodities and Gur are being collected from 37 centres spread all over the country. The centres cover all the State/UT capitals and some additional major producing centres or consuming centres of the essential commodities.

6.2 During the past one year ending on 27.2.1999, though the overall increase in the annual rate of inflation has been lower than that of previous year, the rise in the wholesale price indices has not been uniform across the commodities. For instance, while the WPI of some selected commodities such as rice, wheat, jowar, bajra, arhar, masur, urad, potato, mutton, chillies (dry), atta, vanaspati, mustard oil, groundnut oil and cotton cloth (mills) have increased at distinctly higher rates during the current year than during the last year, some other commodities like moong, milk, fish, sugar and salt have registered relatively lower rates of inflation. In contrast, the WPI of gram, onion, tea, gur and kerosene have declined in the current year as compared to their trend during the corresponding period a year ago.

6.3 On being asked why the Government have not made efforts to keep the provision of Essential Commodities (Special Provision) Act, 1981, to remain in existence either in the form of Act or by ordinance,

which resulted in acute shortage of essential commodities and caused exorbitant rise in prices during the year 1998-99, the Ministry, in their written reply, stated:

"The Essential Commodities Act, 1955 (in short E.C. Act) provides for regulation and control of production, supply and distribution of essential commodities. The Essential Commodities (Special Provisions) Act, 1981 [in short EC (SP) Act] was enacted to make certain special provisions by way of amendment to the EC Act for a temporary period of 5 years for dealing more effectively with persons indulging in hoarding and black marketing of essential commodities. This Act came into effect on 1.9.82 initially and was extended twice for a period of 5 years each. The Act lapsed on 31.8.97.

The EC (SP) Bill, 1997 was introduced in Lok Sabha on 1.8.97 to extend the EC (SP) Act, 1981 for a further period of five years. The said Bill lapsed on dissolution of the Lok Sabha. Two EC (SP) Ordinances were promulgated on 3.10.97 and 2.1.98 on the lines of 1997 Bill along with certain amendments.

In pursuance of recommendation of the Expert Group constituted by the Deptt. of Consumer Affairs; it was decided to incorporate the provisions of EC (SP) Act on permanent basis along with certain changes. Accordingly, the EC (Amendment) Ordinance was promulgated on 25.4.98 followed by introduction of EC (Amendment) Bill, 1998 in Lok Sabha on 29.5.98. The Bill was referred to the Standing Committee of Parliament which gave its report on 26.6.98. Thereafter, the Bill was referred to the Joint Parliamentary Committee on 9.7.98. In the meantime, the Ordinance dated 25.4.98 lapsed on 8.7.98.

In pursuance of the decision taken in the conference of Chief Ministers of States/UTs held on 27.11.98 under the Chairmanship of the Prime Minister, a Group of Officer was constituted under the Chairmanship of the Cabinet Secretary. The Group in its report recommended modification of certain provisions of the EC (Amendment) Bill, 1998 so as to make it more deterrent and effective. On the basis of the recommendations of the Group of Officers, the E.C. (Amendment) Bill, 1998 has been withdrawn from the Lok Sabha and revised EC (Amendment) Bill, 1999 introduced in Lok Sabha on 5.3.99. The revised 1999 Bill has incorporated most of the features of the EC (SP) Act, 1981.

Though the Government made all efforts to get the special provisions incorporated in the E.C. Act, 1955, it could not get the bill passed in the Lok Sabha. However, the lapse of the Essential Commodities (Special Provisions) Act, 1981 has not prevented the State Governments in invoking the provisions of the original E.C. Act, 1955 to take action against hoarders and black marketeers. These provisions are extensively used by the State Governments against hoarders and black marketeers. The increase in the prices of certain perishable and non-perishable commodities during July-December, 98 was not out of the failure of the implementation of the E.C. Act. The main reasons for the increase in the prices of these commodities were decline in their production, adverse climatic conditions, unseasonable rains and lower imports."

6.4 The North-Eastern Region, due to its geographical condition remains more or less beyond easy reach all through the year. This is especially so in regard to essential commodities. On being asked what steps the Government have taken to ease the difficulties of consumers in the north-eastern States, the Secretary, Department of Consumer Affairs deposed as under:—

"In the high level meeting headed by the Prime Minister and Cabinet Secretary, this point was specifically discussed. When you watch the every day price normally the price are higher in the North-Eastern Region when compared to the other centers and they require special treatment to see that our PDS succeeds. When I say the North-East in the meeting, as the Hon'ble Member suggested, the North East and other remote and hilly areas and Islands, etc., all have been chosen from a special monitoring group. In the meeting presided over by the Cabinet Secretary, it was decided to form a special Committee. It is headed by the Additional Secretary with the other departments concerned with the PDS, namely, FCIs and others are all represented. There is a group of officers and this group has completed its visits to all the places. They went to the North-East, Andaman and Lakshdweep. Their report has been finalised. It was approved only yesterday. The point made by the Hon'ble Member regarding the storage facilities to be improved, this point has already come in that along with other points particularly in the Andaman when we said that the Lt. Governor the Chief Secretary all represented some different procedures by which

FCI can make its distribution more effective. They have all put it as a recommendation and now it is going to the Cabinet Secretary for further steps to be taken for implementation. I am sure that once this is done, the position will improve."

6.5 The Committee cannot accept the contention of the Ministry that the price fluctuation in the year 1998-99 in and around Delhi was due to shortfall in production. Some agro-scientists of our country are of the opinion that not more than 20% of the crops might be damaged due to drought or untimely rain. From April to October, 1998, with the concurrence of the Department of Consumer Affairs, about 2,05,700 tonnes of onion was exported even though scarcity of this commodity was felt during the first week of September the same year. The Government imported onions at rates higher than the rate at which it was exported. The Committee, therefore, once again reiterate their earlier recommendation that all out efforts should be made by the Government to prevent the emergence of any similar situation in future. The Government should also include more items under the existing list of very essential commodities. The Government should examine the possibility of ensuring a minimum support price for produces like onions and potato so that the interests of farmers are protected and the consumers are ensured of adequate supplies throughout the year. For this enough storage facilities should also be created all across the country.

6.6 Watching the everyday price in different centres, the Committee find that normally the prices are higher in the North-Eastern Region compared to other centres and they require special treatment to see that our Public Distribution System succeeds. Consumers in the North- Eastern States are at the mercy of unscrupulous traders even while the Essential Commodities Act, 1955 is in existence. Even at a time when Essential Commodities (Special Provision) Act, 1981 was inforce, the profiteers, blackmarketeers and hoarders did not desist themselves from undertaking such anti-national and anti-social activities. Even in cases where consumers reported their grievances the enforcement officials did not take timely action. There is also transport bottleneck, perhaps the worst in India. Even the thin lines of roads connecting one settlement to another are hounded by bands of misguided youths who indulge in looting and robbing helpless travellers.

6.7 In view of the above, the Committee strongly recommend that special attention be paid to the NE Region to ensure that the consumers in that region get the same quality and quantity of whatever essential commodities their counterparts in mainstream India get with the same ease. They should take special attention over the prevailing high price trend throughout the year in the North Eastern Region. For this they should do proper monitoring, liaison/ coordination with State Governments and announce special packages if needed. For the secondary problems like looting and highway robbery and transport bottlenecks, the matter may immediately be taken up with the concerned Department of Central and State Governments.

NEW DELHI;
15 April, 1999

25 Chaitra, 1921 (Saka)

RAGHUVANSH PRASAD SINGH,
Chairman,
Standing Committee on Food,
Civil Supplies and Public Distribution.

PART II

MINUTES OF THE SIXTEENTH SITTING OF THE STANDING COMMITTEE ON FOOD, CIVIL SUPPLIES AND PUBLIC DISTRIBUTION HELD ON WEDNESDAY THE 31ST MARCH, 1999

The Committee sat from 14.45 hours to 16.30 hours.

PRESENT

Shri Raghuvansh Prasad Singh — *Chairman*

MEMBERS

Lok Sabha

2. Shri Shyam Bihari Misra
3. Shri Bhanu Pratap Singh Verma
4. Shri Abhaysinh S. Bhonsle
5. Shri Ram Raghunath Chaudhary
6. Shri Ram Chandra Mallick
7. Shri Baju Ban Riyan
8. Shrimati A.K. Premajam
9. Shri Daroga Prasad Saroj
10. Shri Ranen Barman
11. Shri Prakash Yashwant Ambedkar
12. Shri Tarlochan Singh Tur

Rajya Sabha

13. Shrimati Urmilaben Chimanbhai Patel
14. Shri Lajpat Rai
15. Shri Khagen Das
16. Shri Yerra Narayanaswamy
17. Sardar Balwinder Singh Bhundar

SECRETARIAT

1. Shri Krishan Lal — *Deputy Secretary*
2. Shri P.D. Malvalia — *Under Secretary*

WITNESSES

**Ministry of Food and Consumer Affairs
(Department of Consumer Affairs)**

1. Shri K. Srinivasan — Secretary (CA)
2. Shri Rajiv Srivastava — Addl. Secretary
3. Shri C.S. Rao — AS & FA
4. Shri Kamal Kishore — E.A.
5. Shri V.K. Aggarwal — Chairman (FMC)
6. Shri P.S. Das — DG (BIS)
7. Shri S.P. Pathak — MD (Super Bazar)
8. Shri T.T. Adhikari — (MD)
9. Shri Anthony Lianzuala — CA

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

3. Thereafter, the Committee discussed with the representatives of the Ministry of Food and Consumer Affairs (Department of Consumer Affairs) the various points mentioned in the List of Points. The queries of Members were resolved by the representatives. The evidence was concluded.

4. A verbatim record of the proceedings has been kept.

The Committee then adjourned.

MINUTES OF THE SEVENTEENTH SITTING OF THE STANDING
COMMITTEE ON FOOD, CIVIL SUPPLIES AND PUBLIC
DISTRIBUTION HELD ON THURSDAY,
THE 8TH APRIL, 1999

The Committee sat from 11.30 hours to 13.10 hours.

PRESENT

Shri Raghuvansh Prasad Singh - *Chairman*

MEMBERS

Lok Sabha

2. Shri Kariya Munda
3. Shri Prabhas Chandra Tiwari
4. Shri Gangaram Koli
5. Shri Shyam Bihari Misra
6. Shri Bhanu Pratap Singh Verma
7. Shri Ramesh Chandra Dwivedi
8. Shri Sadashivrao Dadoba Mandlik
9. Shri Ram Raghunath Chaudhary
10. Shri C.P. Mudala Giriyappa
11. Shri P. Sankaran
12. Shri Ram Chandra Mallick
13. Shri Bajju Ban Riyan
14. Shri R. Muthiah
15. Shri Prakash Yashwant Ambedkar
16. Shri Tarlochan Singh Tur

Rajya Sabha

17. Shri Manohar Kant Dhyani

18. Shri Sukhdev Singh Libra

SECRETARIAT

1. Shri John Joseph - *Joint Secretary*

2. Shri Krishan Lal - *Deputy Secretary*

3. Shri P.D. Malvalia - *Under Secretary*

(i) Consideration and adoption of Draft Eighth Report.

2. ** ** ** **

(ii) Consideration and adoption of Draft Ninth Report.

3. ** ** ** **

(iii) Consideration and adoption of Draft Tenth Report.

4. The Committee also considered the Draft Tenth Report on the Demands for Grants (1999-2000) relating to Department of Consumer Affairs, Ministry of Food and Consumer Affairs. The Committee adopted the report with few amendments as shown in the Appendix.

5 The Committee authorised the Chairman to make consequential changes arising out of the factual verification of the report by the Department of Consumer Affairs, Ministry of Food and Consumer Affairs and present/lay the same in the both the Houses of Parliament.

The Committee then adjourned.

**Not related to this Report.

PART III

APPENDIX

[See para 4 of the Minutes of the Eighteenth Sitting of the Standing Committee on Food, Civil Supplies and Public Distribution (1999-2000)]

Modifications/Amendments made by the Committee on Food, Civil Supplies and Public Distribution in the Draft Tenth Report on Demands for Grants (1999-2000) relating to Department of Consumer Affairs, Ministry of Food and Consumer Affairs.

Page	Para	Line(s)	Modifications/Amendments
47	6.5	13	Delete 'As a result, prices of essential commodities started to go up abnormally, Subsequently,'
	6.5	20	Add after 'commodities' "The Government should examine the possibility of ensuring a minimum support price for produces like onions and potatoes so that the interests of farmers are protected and the consumers are ensured of adequate supplies throughout the year. For this, enough storage facilities should also be created all across the country."

PART IV

ANNEXURE I

(Please see Para 2.6)

STATEMENT OF CASES FILED/DISPOSED/PENDING IN THE STATE COMMISSIONS AND DISTRICT FORA IN THE STATES/UTS

AS ON 16.11.1998

Sl.No.	States/UTs	State Commissions			District Fora				Period of Reporting
		Cases filed since inception	Cases disposed of since inception	Cases Pending	Cases filed since inception	Cases disposed of since inception	Cases pending		
1	2	3	4	5	6	7	8	9	
1.	Andhra Pradesh	8502	6735	1767	96510	80265	16245	Jun. 98	
2.	Arunachal Pradesh	18	13	5	159	136	23	Jun. 98	
3.	Assam	1037	348	689	6107	5210	897	Jun. 98	

1	2	3	4	5	6	7	8	9
4.	Bihar	4458	1874	2584	36078	23330	12748	Jun. 98
5.	Goa	875	624	251	2823	2363	460	Jun. 98
6.	Gujarat	6558	4320	2238	52486	36431	16055	Jun. 98
7.	Haryana	6776	4802	1974	58842	44259	14583	Sep. 98
8.	Himachal Pradesh	1824	1712	112	10815	9295	1520	Jun. 98
9.	Jammu & Kashmir	3146	2296	850	9684	7805	1879	Sep. 98
10.	Karnataka	6192	4127	2065	52055	41180	10875	Feb. 98
11.	Kerala	10686	10149	537	90287	84552	5735	Sep. 98
12.	Madhya Pradesh	5817	3312	2505	50844	40281	10563	Jun. 98
13.	Maharashtra	12303	7812	4491	77153	59790	17363	Jun. 98

1	2	3	4	5	6	7	8	9
14.	Manipur	78	33	45	671	647	24	Feb. 98
15.	Meghalaya	64	42	22	193	152	41	Dec. 97
16.	Mizoram	9	4	5	226	195	31	Sep. 98
17.	Nagaland	4	4	0	74	71	3	Mar. 98
18.	Orissa	5459	2824	2635	25728	22042	3686	Sep. 97
19.	Punjab	3534	1961	1573	23102	20612	2490	Feb. 98
20.	Rajasthan	15363	4995	10368	103435	89489	13946	Mar. 98
21.	Sikkim	12	12	0	80	75	5	Jun. 98
22.	Tamil Nadu	9545	7705	1840	44920	38815	6105	Sep. 98
23.	Tripura	192	135	57	792	641	151	Jun. 98

1'	2	3	4	5	6	7	8	9
24. Uttar Pradesh		19674	4354	15320	189353	134673	54680	Jun. 98
25. West Bengal		4287	3772	515	42652	37745	4907	Sep. 98
26. A&N Islands		14	11	3	148	140	8	Feb. 98
27. Chandigarh Adm.		1661	1507	154	12950	10079	2871	Sep. 98
28. D&N Haveli		0	0	0	28	23	5	Sep. 98
29. Daman & Diu		1	0	1	61	30	31	Jun. 98
30. Delhi		7994	5564	2430	51194	37512	13682	Jun. 98
31. Lakshdweep		7	7	0	31	30	1	Sep. 98
32. Pondicherry		439	399	40	1451	1371	80	Sep. 98
Total		136529	81453	55076	1040932	829239	211693	

ANNEXURE II

(Please see para 2.8)

STATEMENT SHOWING THE FINANCIAL ASSISTANCE RELEASED DURING THE
YEARS 1995-96, 1996-97 AND 1997-98 UNDER ONE TIME GRANT SCHEME

(Rs. in lakhs)

Sl.No.	State/UT	No. of DFs Grant was given	1st Instalment 95-96	2nd Instalment 95-96	Part of Instalment 96-97	3rd Instalment 96-97	4th Instalment 96-97	Total 95-96	Total 96-97	Grant given during 97-98	Total Grant given till date (8+9+10)
1	2	3	4	5	6	7	8	9	10	11	12
1.	Andhra Pradesh	22	67.5	63.1	4.4	67.5	67.5	130.6	139.4		270.0
2.	Arunachal Pradesh	12	42.5	40.1	2.4	42.5	42.5	82.6	87.4		170.0
3.	Assam	23	70.0	65.4	4.6	70.0	70.0	135.4	144.6		280.0
4.	Bihar	39	110.0	102.2	7.8	110.0	110.0	212.2	227.8		440.0
5.	Goa	2	17.5	17.1	0.4	17.5	17.5	34.6	35.4		70.0

1	2	3	4	5	6	7	8	9	10	11	12
6.	Gujarat	20	62.5	58.5	4.0	62.5	62.5	121.0	129.0		250.0
7.	Haryana	16	52.5	49.3	3.2	52.5	52.5	101.8	108.2		210.0
8.	Himachal Pradesh	12	42.5	40.1	2.4	42.5	42.5	82.6	87.4		170.0
9.	Jammu & Kashmir	2	17.5	17.1	0.4	17.5	**	34.6	17.9		52.5
10.	Karnataka	20	62.5	58.5	4.0	62.5	62.5	121.0	129.0		250.0
11.	Kerala	14	47.5	44.7	2.8	47.5	47.5	92.2	97.8		190.0
12.	Madhya Pradesh	45	125.0	116.0	9.0	**	241.0	9.0	125.0		375.0
13.	Maharashtra	31	90.0	83.8	6.2	90.0	90.0	173.8	186.2		360.0
14.	Manipur	8	32.5	30.9	1.6	32.5	32.5	63.4	66.6		130.0
15.	Meghalaya	7	30.0	28.6	1.4	30.0	30.0	58.6	61.4		120.0

1	2	3	4	5	6	7	8	9	10	11	12
16.	Mizoram	3	20.0	19.4	0.6	20.0	20.0	39.4	40.6		80.0
17.	Nagaland	7	30.00	28.6	1.4	30.0	30.0	58.6	61.4		120.0
18.	Orissa	13	45.0	42.4	2.6	45.0	45.0	87.4	92.6		180.0
19.	Punjab	13	45.0	42.4	2.6	45.0	45.0	87.4	92.6		180.0
20.	Rajasthan	30	87.5	81.5	6.0	87.5	87.5	169.0	181.0		54
21.	Sikkim	4	22.5	21.7	0.8	22.5	22.5	44.2	45.8		90.0
22.	Tamil Nadu	22	67.5	63.1	4.4	67.5	67.5	130.6	139.4		270.0
23.	Tripura	3	20.0	19.4	0.6	20.0	20.0	39.4	40.6		80.0
24.	Uttar Pradesh	63	170.0	157.4	12.6		**	327.4	12.6	170.0	510.00
25.	West Bengal	17	55.0	51.6	3.4		**	106.6	3.4	55.0	165.0

1	2	3	4	5	6	7	8	9	10	11	12
26.	A&N Islands	2	17.5	17.1	0.4	17.5	17.5	34.6	35.4		70.0
27.	Chandigarh Adm.	1	15.0	14.8	0.2	15.0	15.0	29.8	30.2		60.0
28.	D&N Haveli	1	15.0	14.8	0.2	15.0	15.0	29.8	30.2		60.0
29.	Daman & Diu	2	17.5	17.1	0.4	17.5	17.5	34.6	35.4		70.0
30.	Delhi	2	17.5	17.1	0.4	17.5	17.5	34.6	35.4		70.0
31.	Lakshadweep	1	15.0	14.8	0.2	15.0	15.0	28.8	30.2		60.0
32.	Pondicherry	1	15.0	14.8	0.2	15.0	15.0	28.8	30.2		60.0
Total		458	1545.0	1453.4	91.6	1195.0	1177.5	2998.4	2464.1	350.0	5812.5

**Fourth instalment to J&K, MP, UP and West Bengal not released so far.

ANNEXURE III

(Please see para 2.14)

SANCTION OF FUND FROM CWF AS ON 23.3.99

TOTAL NO. OF PROJECT PROPOSALS APPROVED

		Total Amt.						
No.	States/UTs	1994-95	1995-96	1996-97	1997-98	1998-99	Total	Approved/ Sanctioned
1	2	3	4	5	6	7	8	9
1.	Andhra Pradesh	6	10	22	12	7	58	29,08,678
2.	Arunachal Pradesh	-	-	-	-	-	0	
3.	Assam	1	0	1	-	-	2	9,90,000
4.	Bihar	1	0	14	5	3	23	8,50,650
5.	Goa	-	-	-	-	-	0	

1	2	3	4	5	6	7	8	9
6.	Gujarat	6	2	2	1	-	11	25,00,250
7.	Haryana	1	0	1	-	-	2	2,47,500
8.	Himachal Pradesh	1	2	1	1	-	5	2,41,380
9.	Jammu & Kashmir	0	0	2	-	-	2	90,000
10.	Karnataka	1	4	7	3	-	15	12,57,470
11.	Kerala	4	2	1	3	-	10	4,86,955
12.	Madhya Pradesh	1	0	2	3	-	6	1,63,800
13.	Maharashtra	2	4	1	1	-	8	14,68,290
14.	Manipur	0	0	4	0	3	7	7,77,200
15.	Meghalaya	0	0	1	-	-	1	22,500

1	2	3	4	5	6	7	8	9
16.	Mizoram	-	-	-	1	0	1	45,000
17.	Nagaland	-	-	-	-	-	0	-
18.	Orissa	4	5	14	6	6	35	23,21,020
19.	Punjab	-	-	-	1	-	1	31,500
20.	Rajasthan	3	2	9	2	-	16	20,63,300
21.	Sikkim	-	-	-	-	-	0	-
22.	Tamil Nadu	14	12	27	10	-	63	46,44,364
23.	Tripura	-	-	-	-	-	0	-
24.	Uttar Pradesh	6	7	22	13	8	56	22,16,930
25.	West Bengal	2	0	4	2	1	9	14,08,600

1	2	3	4	5	6	7	8	9
26.	A&N Islands	-	-	-	-	-	0	-
27.	Chandigarh	0	1	0	-	0	1	67,500
28.	D&N Haveli	-	-	-	-	-	0	-
29.	Daman & Diu	-	-	-	-	-	0	-
30.	Delhi	7	1	17	2	0	27	51,98,750
31.	Lakshadweep	-	-	-	-	-	0	-
32.	Pondicherry	-	-	-	-	-	0	-
33.	CIC Cases						5	11,75,000
Total		60	52	152	67	28	364	3,11,76,637