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**STANDING COMMITTEE ON FOOD, CONSUMER  
AFFAIRS AND PUBLIC DISTRIBUTION  
(2008-09)**

**FOURTEENTH LOK SABHA**

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

*[Action Taken by the Government on the observations/recommendations contained in the Twentieth Report of the Committee on 'Consumer Movement in the Country' of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs)]*

**TWENTY FIFTH REPORT**



**LOK SABHA SECRETARIAT  
NEW DELHI**

***August, 2008 / Sravana, 1930 (Saka)***

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Presented to Lok Sabha on 24.10.2008

Laid in Rajya Sabha on 24.10.2008



**LOK SABHA SECRETARIAT  
NEW DELHI**

**August, 2008 /Sravana, 1930 (Saka)**

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## MEMBERS OF THE STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION (2008-2009)

Shri Devendra Prasad Yadav

-

*Chairman*

### MEMBERS

#### *Lok Sabha*

2. Shri Govinda Aroon Ahuja
3. Shri Suresh Angadi
4. Shri Alakesh Das
5. Shri Atma Singh Gill
6. Shri G.V. Harsha Kumar
7. Shri Abdul Mannan Hossain
8. Shri Baliram Kashyap
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10. Shri Wangyuh W. Konyak
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14. Shri Munshi Ram
15. Shri Ghuran Ram
16. Shri Francisco Cosme Sardinha
17. Shri Daroga Prasad Saroj
18. Adv. (Smt.) P. Satheedevi
19. Shri Chandra Bhan Singh
20. Smt. Meena Singh
21. Vacant

#### *Rajya Sabha*

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23. Smt. Mohsina Kidwai
24. Shri Mangala Kisan
25. Shri Shantaram Laxman Naik
26. Shri Kanjibhai Patel
27. Shri Rajniti Prasad
28. Shri Parshottam Khodabhai Rupala
29. Shri Ram Narayan Sahu

(iii)

- 30. Shri Matilal Sarkar
- 31. Vacant

***Secretariat***

- |    |                        |   |                      |
|----|------------------------|---|----------------------|
| 1. | Dr. (Smt.) P.K. Sandhu | - | Additional Secretary |
| 2. | Shri P.K. Misra        | - | Joint Secretary      |
| 3. | Smt. Veena Sharma      | - | Director             |
| 4. | Shri B. S. Dahiya      | - | Deputy Secretary-I   |
| 5. | Shri Jagdish Prasad    | - | Deputy Secretary-II  |

## INTRODUCTION

1. I, the Chairman of the Standing Committee on Food, Consumer Affairs and Public Distribution (2008-2009), having been authorized by the Committee to submit the Report on their behalf, present the Twenty Fifth Report on Action Taken by the Government on the recommendations contained in the Twentieth Report of the Committee (14<sup>th</sup> Lok Sabha) on 'Consumer Movement in the Country' of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs).
2. The Twentieth Report was presented to Lok Sabha and laid in Rajya Sabha on 16.8.2007. The Government furnished their replies indicating action taken on the recommendations contained in the Report on 5.6.2008. The Report was considered and adopted by the Committee at their sitting held on 27.08.2008.
3. An analysis of the action taken by the Government on recommendations/ observations contained in the Report is given in Appendix-II.

NEW DELHI;  
26 September, 2008  
4, Asvina, 1930 (Saka)

DEVENDRA PRASAD YADAV  
*Chairman,*  
*Standing Committee on Food,*  
*Consumer Affairs and Public Distribution.*

## CHAPTER I

### REPORT

This Report of the Standing Committee on Food, Consumer Affairs and Public Distribution deals with the action taken by the Government on the observations/recommendations contained in the Twentieth Report of the Committee on 'Consumer Movement in the Country' of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs).

1.2 The Twentieth report of the Committee was presented to Lok Sabha and laid on the Table of Rajya Sabha on 16<sup>th</sup> August, 2007. The action taken replies of the Government on all the 50 observations/recommendations contained in the report have been received on 5<sup>th</sup> June, 2008 and categorized as follows:-

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

Serial Nos. 1, 2, 3, 6, 8, 9, 10, 11, 13, 15, 16, 17, 18, 21, 28, 31, 32, 33, 34, 36, 37 and 45

(Paragraph Nos. 1.6, 1.7, 1.8, 2.10, 2.16, 2.17, 2.18, 2.19, 3.24, 3.26, 3.27, 3.28, 3.29, 3.32, 4.27, 5.4, 6.3, 7.6, 8.5, 8.7, 8.8 and 10.18).

(Chapter –II Total 22)

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

Serial Nos. 20, 22, 29, 39, 41 and 47

(Paragraph Nos. 3.31, 4.21, 4.28, 9.9, 10.14 and 10.20).

(Chapter –III Total 6)

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

Serial Nos. 4, 7, 12, 14, 19, 23, 24, 25, 26, 27, 35 and 44

(Paragraph Nos. 1.9, 2.15, 3.23, 3.25, 3.30, 4.22, 4.23, 4.24, 4.25, 4.26, 8.6 and 10.17).

(Chapter –IV Total 12)

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

Serial Nos. 5, 30, 38, 40, 42, 43, 46, 48, 49 and 50.

(Paragraph Nos. 2.7, 5.3, 9.8, 10.13, 10.15, 10.16, 10.19, 10.21, 10.22 and 10.23).

(Chapter –V Total 10)

**1.3 The Committee desire that the final replies in respect of the Observations/Recommendations for which only interim replies have been received from the Government be furnished to the Committee within three months of the presentation of the Report.**

1.4 The Committee, in their twentieth report dealt with the subject 'Consumer Movement in the country' and found various lacunae in the consumer movement. The main observations/recommendations of the Committee were as follows :

- (i) Need to reach the level of even the lesser developed countries in protecting the interests of the consumers;
- (ii) Need to chalk out a detailed strategy relating to consumer awareness and consumer protection in consultation with the State Governments, NGOs/ VCOs/Local Bodies and all other stakeholders;
- (iii) Need to have a separate Consumer Affairs Department in each State;
- (iv) Need to amend Consumer Protection Act, 1986;
- (v) Need for higher allocation to the Consumer Protection Unit of the Department of Consumer Affairs;
- (vi) Need to give wide publicity to the consumer awareness campaign through electronic media;
- (vii) Need to involve Song & Drama Division and Field Publicity Unit of the Ministry of Information & Broadcasting and Publicity Units of the State Governments to make the people aware of their rights;
- (viii) Need to find out specific reasons for non-functional district Fora and persuade the State Governments to take corrective action;
- (ix) Need to have All India/State Service to cater to the needs of supporting staff of various consumer fora at national, state and district levels;
- (x) Need to set up a model district forum funded by the Central Government in each State;
- (xi) Need to grant Special Fund from Central Consumer Welfare Fund to the States;



- (xii) Need for strict monitoring of the implementation of various activities, for which funds have been provided out of Consumer Welfare Fund;
- (xiii) Need to have an effective monitoring to ensure that only credible NGOs/VCOs are provided funds out of Consumer Welfare Fund;
- (xiv) Need to set up Consumer Clubs in all the States.

1.5 The Committee will now deal with action taken by the Government on some of their recommendations in the succeeding paragraphs.

**(A) Strategy for creating Consumer Awareness and Consumer Protection**

**Recommendation (Sl.No.3, Para No.1.8)**

1.6 The Committee in their earlier report had recommended as below:-

“The Committee have dealt in detail the various issues related to consumer movement in the report and various observations/recommendations have been made. The Committee urge the Department to chalk out detailed strategy related to consumer awareness and consumer protection in consultation with the State Governments/NGOs/VCOs/ local bodies and all other stakeholders on the lines suggested by the Committee in the report.”

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

“The Department has noted the suggestion of Committee and prepared detailed media plan in coordination with all the stake holders such as State Govt. Voluntary consumer organizations and others . To ensure that the involvement of the State Government is very distinctively spelt out, the respective State Governments are being advised to send detailed proposals for grants.”

**1.8        The Committee note that the Central Government has prepared a detailed media plan in coordination with the State Governments and Voluntary Consumer Organizations (VCOs) for creating consumer awareness and respective State Governments are being advised to send detailed proposals for grants. The Committee would like to be apprised of the details of the media plan proposed by the Government for Consumer Awareness and Consumer Protection and the concrete action taken thereon. They also wish to be apprised of the particulars of the advice given to the State Governments for their distinct involvement in the plan and the response of the State Governments thereto.**

**(B) Need to create separate Department of Consumer Affairs by the States**

**Recommendation (Sl.No.4, Para No.1.9)**

1.9 The Committee in their earlier report had recommended as under:

“The Committee find from the information provided by the Department that, only one State viz. West Bengal is having a separate Department of Consumer Affairs. Besides, in 23 States/UTs, the nomenclature of the Department includes words like “Consumer Affairs”, “Consumer Protection” etc. The Committee are concerned to note that low priority is accorded to the subject of Consumer Protection by various State Governments and it is virtually a neglected area. The Committee are of the view that the nature and volume of work involved in consumer protection is such that it requires adequate attention and only then justice could be done to this matter of much public importance. The Committee feel that the subject also requires constant and regular monitoring. And because of its scope being so vast, a full-fledged Department headed by an officer of the level of Secretary needs to be in place in States for consumer protection. The Committee also desire that for promoting the welfare of the consumers in the States, a separate Budget needs to be earmarked for the Consumer Affairs Department. The Committee, therefore, recommend that the matter of separate Department on Consumer Affairs/Protection, headed by officer of the rank and pay of Secretary and separate budgetary provision, should be taken up in the right earnest and at the highest level with the State Governments. Some sort of in built incentives be also devised for the States/UTs who are doing well in the field of consumer awareness and consumer protection. The Committee would like to be apprised of the action taken in the matter.”

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

“The issue of having a separate Department along with separate Budget for Consumer Protection has been taken up time and again by this Department with all States/UTs. So far, Kerala & West Bengal have established separate Departments for Consumer Affairs. The concerns of the Parliamentary Standing Committee in this regard as indicated in the recommendations has again been taken up by Secretary (CA) with the States/UTs on 06.11.2007 at the level of Chief Secretaries.”

**1.11 The Committee are unhappy to note that the States are not according due priority to the matter of creating a separate Department of Consumer Affairs/Consumer Protection. The Committee are dismayed to find that despite repeated instructions issued by the Central Government, only two States namely, Kerala and West Bengal have established separate Department of Consumer Affairs. The Committee feel that consequent upon the growing awareness amongst consumer, Consumer Protection has become a major thrust area. By having a full fledged Department, the States will be able to focus on all aspects related to Consumer Protection/Consumer Awareness which will help the State Governments in formulating an effective strategy for consumer protection. The Committee, therefore, reiterate their earlier recommendation and desire that creation of a separate Department of Consumer Affairs should be accorded top priority. The matter of providing incentives to the States which are performing well in the field of consumer affairs and consumer protection should also be given due consideration.**

**(C) Spreading Consumer Awareness in Rural Areas**

**Recommendation (Sl.No.7, Para No.2.15)**

1.12 The Committee had recommended as below:

“The Committee note that though the Government has started a vigorous consumer awareness campaign through print media, adequate publicity has not been given through electronic media. The Committee feel that to make the consumer awareness programme broad based and more mass oriented, wide publicity should be given through electronic media on the lines of Pulse Polio Campaign etc. by roping in well known celebrities to espouse the cause. The Government should also reach the people through Gram Melas, etc. The services of the NGOs need to be exploited through special programmes by making them partners in spreading the awareness and enhancing the effectiveness of the consumer protection measures.”

1.13 In their action taken replies, the Ministry have stated as under:

“The Multi-media campaign to be organised at the Central level will be duly complemented through the above efforts of the State Governments in achieving a holistic goal. This campaign will use print, television and radio. Joint programmes involving NGO's will also be taken up. Voluntary consumer organizations are already involved in finalizing strategy for awareness campaign and enhancing consumer protection National consumer Helpline is a example of the same.”

**1.14 The Committee are not satisfied with the reply of the Government as they have not narrated the steps so far taken to spread consumer awareness. Moreover, the Committee had recommended to rope in well known celebrities to espouse the cause and also to reach the people through Gram Melas, etc. The Ministry in their reply have not indicated any steps taken in this direction. The Committee feel that people, specially in rural areas, will relate more with such programmes as compared to print or electronic media. The Committee, therefore, reiterate that the Consumer awareness campaign should be made more broad based and mass oriented so as to educate the people about their consumer rights.**

**(D) Need for Multimedia Campaign to make aware the rural people about their rights.**

***Recommendation (Sl.No.9, Para 2.17)***

**1.15 The Committee had recommended as follows:**

“The Committee further feel that the Department has to think of adopting entirely different techniques for consumer awareness in rural areas keeping in view the ground reality. The illiterate and innocent rural poor consumers cannot take the advantage of sophisticated techniques of consumer helpline or online mechanism as introduced by the Department for redressal of consumers’ grievances. That foremost condition of using these techniques is a minimum level of education and awareness. There is an urgent need to make these people aware of their rights and this can be achieved through simple techniques like street drama, musical drama, folk dances, nautanki, etc. in regional languages. Song and Drama Division and Field Publicity Units of the Ministry of Information and Broadcasting and Publicity Units of the State Governments should extensively be involved. Besides, as recommended in the earlier para of the report, the Committee emphasize that adequate outlay for consumer awareness should be provided so as to achieve the aforesaid objective.”

**1.16 In their action taken replies, the Ministry have stated as under:**

“To reach out to Rural areas, the Department has formulated the methodology of providing grants to States.. Since Panchayati Raj Institutions have access to the remotest areas where communication through traditional media has better outreach, through this approach, PRIs would also have ownership over the Awareness Campaign. PRIs Capacity Building is being proposed under separate scheme of the Department. Involvement of State Governments will also help create a permanent structure by formulating a training programme to teachers regarding consumer clubs and also imparting training regarding methodology to approach redressal officer for resolution of consumer grievances. Involvement of local media and the conventional publicity methods such as ‘Nukkad Natak’, folk songs etc. can be best achieved by involving State Governments. For carrying out the campaign in rural areas including North Eastern region, Song & Drama Division and Field Publicity Units of the Ministry of I&B and Publicity Units of the State Governments are also to be involved. Song & Drama Division is a media unit of the Ministry of Information and Broadcasting which performs wide-range of activities such as Drama, Dance-Drama, Puppetry, folk recitals, magic etc. to propagate policies through artists registered with the Division. The successful implementation of programmes is ensured through special team of officers deputed to make visit to the places where programmes are being held and obtain first hand information on the

effectiveness of the programmes. Advertisements are being released in all the Journals of Publication Division of Ministry of Information & Broadcasting including regional languages.

The Multi-media campaign to be organized at the Central level will be duly complemented through the above efforts of the State Governments in achieving a holistic goal. The infrastructure of other Department having infrastructure all over the country such as Department of Railways, Post, Food& Public Distribution etc. will also be utilized to deliver the messages all over the Country.”



**1.17 The Committee observe from the reply that though the Government have taken a number of steps to create awareness amongst the consumers in rural and backward areas and propose to organize multi media campaign, yet no target has been fixed to achieve the holistic goal. The Committee, therefore, desire that the ground work relating to implementation of the Multi media campaign should be taken up on priority basis and the Government should formulate a time frame for the same to ensure successful implementation of the schemes/projects in the rural areas.**

**(E) Need to make the District Fora Functional**

***Recommendation (Sl.No.12, Para No.3.23)***

**1.18 The Committee had recommended as below:**

“The Committee note that a three tier quasi judicial redressal mechanism has been established at National, State and District levels as per the provisions made under the Consumer Protection Act, 1986 to resolve the consumer grievances speedily and cheaply. Whereas the responsibility of the National Commission rests with the Union Government, the responsibility of setting up as well as effective functioning of State Commissions and District Fora lies with the respective State Governments/Union Territory Administrations. The Union Government is further supplementing the efforts made by the State Governments by releasing one-time grants to District Fora for creating adequate infrastructure. Besides, various amendments in the aforesaid Act have been made for the smooth functioning of District Fora. In addition, the Department is taking proactive action to impress upon the State Governments to take desired action for the effective functioning of these Fora. Inspite of the best of the efforts made by the Union Government, as many as 22 District Fora have been reported as non-functional. The Committee further note that non-functional District Fora exist in various States viz. Arunachal Pradesh, Assam, Bihar, Nagaland, Tamil Nadu, Gujarat, Uttar Pradesh, Chhattisgarh, Kerala and Rajasthan. The various factors responsible for non-functional District Fora have been addressed in detail in the subsequent paras of the report. Here, the Committee may like to emphasize that the Department should find out State specific reasons for non-functional District Fora and persuade the State Governments/Union Territory Administrations to take corrective action in this regard. Besides, the Committee recommend that the district forum should be constituted expeditiously in a newly created District. The Committee may also be kept apprised.”

**1.19 The Ministry in their action taken replies have stated as under:**

“The Central Government has been regularly taking up the matter with the States/UTs even at highest level requesting them to expedite corrective measures. Non-Functionality of Consumer Fora occurs mostly due to vacancy in posts of President/Members of Consumer Fora. The Central Government has been repeatedly requesting State Governments to take steps such as taking advance action for filling up expected vacancies of President & Members and panel of candidates, etc. so that vacancies are filled up expeditiously. To ensure that Consumer Fora remain functional, States are also requested to club adjacent Consumer Fora wherever required. Besides this, Consumer Protection Act, 1986

has also been amended to provide for the Senior Most Member to preside over the Consumer Fora if the President is absent for any reasons. However, due to various unforeseen contingencies also, unexpected vacancies may arise. The procedure for filling of vacancies also takes time and despite best efforts, some Consumer Fora remain non-functional. This number fluctuates and varies from time to time.

In addition, the performance of all Consumer Fora are also analysed regularly State-wise through their Monthly & Quarterly periodical reports by this Department and remedial actions are suggested accordingly. The matter has also been recently taken up by Secretary Consumer Affairs with Chief Secretaries of State Government on 06.11.2007 emphasizing the concerns of the Parliamentary Standing Committee in this regard.”

**1.20 In their original Report, the Committee were concerned to note that despite the best efforts made by the Government, as many as 22 District Fora had been reported as non-functional. The Committee had, therefore, recommended that State specific reasons for the non-functioning of District Fora be found out and State/UTs be persuaded to take corrective action in the matter. The Committee are not convinced with the reply of the Government which states that the non-functioning of District Fora was mainly due to vacancies in the posts of Presidents/Members, as they themselves have stated in the action taken reply that the Consumer Protection Act, 1986 has been amended to provide for the senior most member to preside over the Consumer Fora in the absence of President. The Committee while reiterating their earlier recommendation desire the Government to persuade the State Governments to take advance action to avoid procedural delay in filling of expected vacancies of President and Members.**

**(F) Ensuring speedy disposal of cases by setting up of Lok Adalat /Circuit Benches**

***Recommendation (Sl.No.14, Para 3.25)***

1.21 In the aforesaid para, the Committee had recommended as below:

“While noting the State-wise position of disposal of cases, the Committee find that in some of the States, the position is not satisfactory. As regards the performance of State Commissions, worse is the position in Uttar Pradesh and Mizoram where the percentage disposal is only 29.13 and 33.70 per cent, respectively. In progressive State of Maharashtra, the percentage disposal of cases is just 56.19 per cent. As regards the position of District Fora in Bihar, Dadra and Nagar Haveli, Jammu and Kashmir, Mizoram, Tripura, Uttar Pradesh, the percentage disposal of cases is less than 80 per cent. The Secretary during the course of oral evidence has acknowledged that the time limit of disposal of cases prescribed under the Act *i.e.* within 90 to 150 days is seldom adhered to. The Secretary has also informed that in Punjab, a novel way of clearing the backlog of cases by holding the Lok Adalats has been adopted. Further, the Committee while examining the Demands for Grants (2007-08) (refer Para 4.22 of Nineteenth Report) had also been informed that an amendment to the Consumer Protection Act to have Circuit Benches or Circuit Sharing Mechanism by District Fora is being worked out. In the system of Circuit Benches or Circuit Sharing, District Fora may hold their sittings at the Tehsil or Block Headquarters in case there are large number of cases. The Committee feel that the system of Lok Adalats adopted by the Punjab Government needs to be replicated in other States where there is bulk pendency of cases. Besides, there is an urgent need to take an early decision on the issue of Circuit Benches or Circuit Sharing Mechanism by District Fora for speedier disposal of cases pending with respective District Forum. The Committee recommend to the Department to take the desired action in this regard. The Committee also recommend that the Department should review the position of pendency of cases on quarterly basis and issue necessary instructions to the respective State Governments for speedier disposal of cases.”

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

“The National Commission, which has the administrative control to oversee the functioning of State Commissions and District Fora throughout the country under the provisions of Section 24B of the Consumer Protection Act, 1986, have already instructed State Commissions to ensure disposal of cases on the pattern of Lok Adalat Method. As regards the issue of holding of Circuit Benches by the District Fora, an amendment proposal is already

under consideration. The Department is already reviewing the position of pendency of cases not only on quarterly basis but also on monthly basis through Quarterly & Monthly Progress Reports, and also taking it up with the respective States for speedier disposal of cases along with suggestions for holding Lok Adalat on the last working day of every week to minimize the pendency of cases.

**1.23 The Committee had found in their original Report that the State-wise position of disposal of cases by the District Fora was not satisfactory. The Committee feel that the delay in the disposal of cases defeats the very purpose of formation of Consumer Fora. They had emphasized the need of replicating the system of Lok Adalats adopted by the Punjab Government by all the States where there is bulk pendency of cases. The Committee had also emphasized the need for an early decision on the issue of Circuit Benches or Circuit Sharing Mechanism by District Fora for speedier disposal of cases. The Government, in their action taken notes have stated that as regards the issue of holding of Circuit Benches by the District Fora, an amendment to the provisions of the Section 24B of the Consumer Protection Act, 1986 was under consideration. The Committee recommend that the proposed amendment should be brought before the Parliament without further delay.**

**(G) Ensuring adequate supporting staff for District Fora**

**Recommendation (Sl.No. 19, Para No. 3.30)**

1.24 The Committee had recommended as below:

“Besides the problem of vacancies, various Consumer Fora are also facing the shortage of adequate supporting staff. The Committee have been apprised that supporting staff for District Fora is normally borrowed from the local Food and Civil Supply Department of the State Government. The Committee note that the casual approach of the State Governments in this regard has led to the ineffective functioning of District Fora. The Committee recommend that there should be All India /State service which can cater to the need of supporting staff of different levels of Consumer Fora at National, State and District Level.”

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

“The issue of establishment of State service which can cater to the need of supporting staff of different levels of Consumer Fora at State & District level has been taken up with the State Governments *vide* this Department's D.O. letter No. 5(4)/2007-CPU dated 06.11.2007.”



1.26 While noting that the supporting staff for District Fora was normally borrowed from the local Departments, the Committee in their report had recommended that there should be an All India/State Service which can cater to the need of supporting staff of different levels of Consumer Fora at National, State and District Level. The Government in the action taken notes have stated that the issue of establishment of State service has been taken up with the State Governments *vide* a D.O. dated 06.11.2007. Apparently, the Government have absolved themselves of the responsibility merely by issuing a D.O. letter, that too about 8 months back and thereafter not pursuing the matter further. The Committee deplore the lackadaisical manner of handling their important recommendation by the Government. They feel that without adequate supporting staff, the District Fora will remain ineffective. The Committee therefore, desire that the issue may be taken up at the highest levels with the State Governments so as to make the District Fora function effectively.

## **(H) Creation of State Welfare Fund**

### **Recommendation (Sl.No. 23, Para No. 4.22)**

1.27 The Committee had recommended as below:

“The Committee further note that the Department has decided to decentralize and transfer the Consumer Awareness and Consumer Club Schemes of the State Governments/Union Territory Administrations with effect from 1 April, 2004. To supplement the efforts made by the States/UTs in this regard, the Government has decided to make a one-time contribution of an amount proportionate to the number of districts by the Centre and the State Governments in the ratio of 50:50 (Centre:State). In case of special category States, the aforesaid ratio is 90:10 (Centre:State). The Committee have further been informed that so far 19 States and UTs have been sanctioned grants from Centre Consumer Welfare Fund for the purpose. Further, 16 States are yet to apply/receive assistance for the State/Local Consumer Welfare Fund. The Department has informed that the aforesaid States/UTs could not avail the assistance/Central share of seed money because they have not yet credited the State share in permanent non-lapsable, non-plan account. The Committee would like the Department to pursue further with the aforesaid States so that the Consumer Welfare Fund is set up expeditiously to promote the Consumer Movement throughout the country.”

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

“So far 19 States have availed funds to set up their own State Consumer Welfare Fund. The remaining State Govts./UTs Administration are being repeatedly reminded to avail of the benefit of the Central Share of seed money to set up their own State CWF and formulate and notify State CWF guidelines. The delay is due to the fact that some States/UTs are yet to allocate in their own budget the amount to be deposited in CWF as their share and credit it to a separate account after which only central share is released. In all the meetings of the State Secretaries of the Food and Civil Supplies this issue has been discussed and it is hoped that the State Govts. /UTs Administrations shall take prompt action towards availing the benefit of Central grant of seed money.”

List of the States who have set up their State Consumer Welfare Fund in the last one year (4/2007 to 3/2008) :

<b>S.No.</b>	<b>Name of States</b>	<b>Amount sanctioned</b>
1.	Kerala	15,00,000
2.	TamilNadu	50,00,000
3.	Sikkim	9,00,000 (In three instalments)

**1.29 The Committee in their earlier Report had noted that 19 States had been sanctioned grants from Central Consumer Welfare Fund to create State Welfare Fund and out of these 19 States, 16 States were yet to apply for the State Consumer Welfare Fund. The Committee had recommended that the Department should pursue the matter further with the remaining States so that State Consumer Welfare Fund are set up expeditiously. The Committee desire that the remaining State Governments should be impressed upon to take prompt action towards availing the benefit of Central Grant of seed money, in a time bound manner.**

(I) **Formulation of Guidelines for State Welfare Fund**

**Recommendation (Sl.No. 24, Para No. 4.23)**

1.30 The Committee had recommended as below:

“The Committee note from the information made available by the Department that out of 19 States which have been sanctioned grant from Central Consumer Welfare Fund, 11 States/UTs have so far not submitted the guidelines for State Consumer Welfare Fund. The Committee also note that the organizations receiving grant from the Consumer Welfare Fund are required to follow the Consumer Welfare Fund Rules, 1992 and the guidelines for sanction of grants from the Consumer Welfare Fund. The Committee fail to understand non-submission of status of framing of guidelines for State Consumer Welfare Fund by most of the State Governments. The Committee are of the view that there is an urgent need to have strict monitoring of the implementation of various activities for which funding is being granted out of the Consumer Welfare Fund. The Committee would like the Department to get the information from the aforesaid State Governments and submit to the Committee. Further, the States which have not so far framed the guidelines should be asked to do this expeditiously.”

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

The present status of States that have availed seed money to set up State CWF and notified guidelines are given at Annexure-A. States are being reminded on this regularly. In the Standing Committee set up under State CWF, Jt. Secretary of this Department or his nominee is a member. This Committee monitors the utilization of funds from State CWF. The Status of financial assistance for setting up of State Consumer Welfare Fund of Govt./UTs is as under:-

S.No.	State (no. of distt.)	Amount released (Rs).
1	Andhra Pradesh(23)	25,00,000
2	Chhattisgarh(16)	25,00,000
3	Goa(2)	4,50,000
4	Gujarat(25)	22,50,000
5	Haryana(19)	25,00,000
6	Karnataka(27)	47,00,000
7	Maharashtra(35)	46,50,000
8	Orissa(30)	47,00,000
9	Punjab(17)	10,00,000
10	Rajasthan(32)	27,00,000
11	TamilNadu(29)	50,00,000
12	Uttar Pradesh (80)	50,00,000

13	Uttaranchal(13)	12,00,000
14	West Bengal(18)	25,00,000
15	Sikkim(4)	9,00,000
16	Mizoram(8)	27,00,000
17	Arunachal Pradesh(15)	27,00,000
18	J&k(14)	27,00,000
19	Tripura(4)	9,00,000
	TOTAL: Rs.	5,15,00,000

**1.32 The Committee in their original Report had noted that out of 19 States which had been sanctioned grant from Central Consumer Welfare Fund, 11 States/UTs had not submitted the guidelines for State Consumer Welfare Fund. The Committee had desired that the States which had not so far framed the guidelines should be asked to do so expeditiously as the organizations receiving grants from Consumer Welfare Fund were required to follow the Consumer Welfare Fund Rules, 1992 and the guidelines. In reply, the Government, while stating that 19 States have availed seed money and notified guidelines, have indicated the status of financial assistance availed by each of them for setting up of State Consumer Welfare Fund. It has also been stated that the remaining States are being reminded regularly. The Committee reiterate their earlier recommendation and urge upon the Ministry to persuade the other State Governments also to notify the guidelines for sanction of grants to have strict monitoring of the implementation of various activities for which fund is being granted out of Consumer Welfare Fund.**

**(J) Blacklisting of defaulting NGOs**

**Recommendation (Sl.No. 25, Para No. 4.24)**

1.33 In the aforementioned para, the Committee had recommended as under:

“The Committee while examining the Demands for Grants (2007-08) had expressed serious concern over non-utilization of funds earmarked for the schemes/projects out of Consumer Welfare Fund (refer Para 4.54 of Nineteenth Report). The Committee had noted that only one-fourth of the amount provided under Consumer Welfare Fund was being used by the State Governments. The Committee had also expressed serious concern over non-submission of Utilization Certificates by various NGOs/VCOs. The Committee are of the firm opinion that an effective monitoring is required to ensure that only credible NGOs/VCOs are provided funding out of the Consumer Welfare Fund. The Committee would like to be apprised of the number of NGOs/VCOs who have been provided assistance from the Consumer Welfare Fund so far, along with the number of NGOs/VCOs who have been blacklisted. The Committee would like to reiterate their earlier recommendation to put the name of the blacklisted NGOs on the website of the Department so as to ensure that no Government funding is made to these blacklisted NGOs.”

1.34 In their action taken replies, the Ministry have stated as under:

“The State Govts. and Distt. Magistrates are being repeatedly reminded to take action against the defaulting NGOs/VCOs ( Who have not submitted their Utilisation Certificates so far) to obtain Utilisation Certificates or effect recovery of the CWF grant together with penal interest from them. The State Govts. and Distt. Administration have taken action and in quite a few cases the defaulting organizations have submitted the Utilisation Certificate and other settlement documents.

As a follow up of the earlier recommendations of the Parliamentary Standing Committee the State Govts. have been advised to take up appropriate action against the defaulting organizations.

The number of NGOs who had been provided grant from the Consumer Welfare Fund but not submitted Utilisation Certificates are at Annexure-B-I. A list of such NGOs who have not provided UC have been posted in the website of this Department. One NGO namely “Society for Emancipating Neo Social Education, DCIC-Shivagangai Distt. of Tamil Nadu” has been blacklisted on the basis of recommendation of the State Government.”

**1.35 The Committee are unhappy with the vague reply of the Government as they find that no sincere efforts have been made for the recovery of outstanding amounts released to the NGOs/VCOs out of the Consumer Welfare Fund. The Committee note that there are a number of NGOs who have not yet submitted the Utilization Certificates for the funds released to them 10-12 years back which reflects the evasive denial on the part of the Government. The Committee are also dismayed at the fact that till now only one NGO has been blacklisted when there are so many defaulters. The Committee want to know the reason for delay in the recovery of outstanding dues from the defaulting NGOs. The Committee desire that the Government should take up the matter with the State Government at the highest level and ensure that outstanding amount alongwith interest thereon is recovered from the defaulting NGOs by the end of the financial year. The Committee would also like the Government to ensure that none of these defaulting NGOs get grants again under any scheme run by the Central Government.**



**(K) Setting up of Consumer clubs in schools/colleges**

**Recommendation (Sl.No. 26, Para No. 4.25)**

1.36 The Committee had recommended as follows:

“The Committee further note that ‘Consumer Clubs’ is one of the schemes operated under Consumer Welfare Fund (CWF). Under the aforesaid scheme, a consumer club is to be set up in middle, higher and higher-secondary school/college affiliated to a Government Recognized Board and a grant of Rs. 10,000 per Consumer Club in the schools/colleges is admissible under this scheme. The Committee note that Consumer Clubs could be set up only in the States of Andhra Pradesh, Tripura, West Bengal, Maharashtra and NCT of Delhi. The Committee note that for effective Consumer Movement in the country, children need to be involved and Consumer Clubs are the best way for instilling in children the spirit of protection of consumer rights. The Committee would, therefore, like the Department to pursue further with the remaining States/UTs to ensure that Consumer Clubs are set up in each of the schools/colleges.”

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

“The list of States that have availed funds under the scheme and set up consumer clubs are given below. The detailed list has also been posted on the web site.”

<b>S.No.</b>	<b>State (no. of distt.)</b>	<b>No. of schools</b>
<b>1</b>	<b>2</b>	<b>3</b>
1.	Andhra Pradesh(23)	977
2.	Chhattisgarh(16)	250
3.	Gujarat(25)	250
4.	Haryana(19)	135
5.	Karnataka(27)	650
6.	Maharashtra(35)	500
7.	Orissa(30)	500
8.	Punjab(17)	250
9.	Rajasthan(32)	1000
10	TamilNadu(29)	1000
11.	Uttaranchal(13)	100
12	West Bengal(18)	400
13	Himachal Pradesh(12)	36
14	Sikkim(4)	50
15	Mizoram(8)	100
16	Arunachal Pradesh(15)	32
17	Lakshadweep(1)	21
18	J&k	153
19	Tripura(4)	27
20	Puducherry(4)	50
21	Kerala(14)	100
	<b>TOTAL:</b>	<b>6581</b>

**1.38 While noting that Consumer Clubs had been set up only in the States of Andhra Pradesh, Tripura, West Bengal, Maharashtra & NCT of Delhi, the Committee in their earlier report had desired the Department to pursue with the remaining States/UTs to set up Consumer Clubs in each of the schools/colleges. While appreciating that 21 States have availed funds under the scheme to set up Consumer Clubs, the Committee desire that the Government should continue its efforts to ensure that all schools/colleges set up consumer clubs which would help the youngsters in getting acquainted with the concept of Consumer Awareness. Reiterating their earlier recommendations, the Committee desire that the Government should also pursue with such States/UTs which do not have a single consumer club in any of their schools/colleges, to set up the Consumer Clubs without further delay.**

**(L) Smooth functioning of DCPCs**

**Recommendation (Sl.No. 27, Para No. 4.26)**

1.39 The Committee had recommended as below:

“The Committee note that Central Consumer Protection Councils were set up at Centre and State levels to promote and protect the rights of the Consumers. Consumer Protection Act mandates the States to establish District Consumer Redressal Councils at the District Level to strengthen consumer movement at the grass-root level. The Committee note that the performance of Central, State and District Consumer Protection Councils (DCPCs) is far from satisfactory. The Committee feel that these agencies need to be made more accountable, responsible and effective so as to ensure justice at the doorsteps of consumers. The Committee note that these Councils have been entrusted with the responsibility of raising issues concerning welfare of consumers and also give recommendations to this effect. The Committee note with concern that the sittings of Consumer Protection Councils are not held regularly. At times, meetings are not held at all. The Committee feel that there is a need to place a mechanism by which sitting of the Council be convened, if 2/3rd Members of the Council so desire. The Committee also feel that though the recommendations of the Councils are not binding on the Government still, due consideration needs to be given to the recommendations of these Councils. The Committee note that District Consumer Protection Councils are headed by District Magistrates who are unable to devote much time due to their preoccupation in other pressing matters. As such, District Magistrates are not able to do justice to these bodies. The Committee desire that Government should find ways and means and ensure that officials, who can devote time and energy, head these bodies and able to do justice to the work assigned.”

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

“The observations of the Committee have been noted and conveyed to the State Governments/UT Administrations for remedial action vide this Department’s D.O. letter No. 5(4)/2007-CPU dated 06.11.2007 from Secretary, Consumer Affairs to Chief Secretaries of all States/UTs.

It may be further stated here that as per section 8A of the Consumer Protection Act, 1986, the District Consumer Protection Council would be chaired by the Collector of the District (by whatever name called). This provision has been made since the Collector being the head of the District Administration is the highest official in the District & has the powers to take all necessary steps to ensure welfare of consumers.”

**1.41 The Committee note that as per Section 8A of the Consumer Protection Act,1986, the District Consumer Protection Councils (DCPCs) are chaired by the District Magistrate/Collector as he is the highest official in the district and has the powers to take all necessary steps to ensure the welfare of consumers. The Committee feel that a provision should be made in the Act that in the absence of DM/DC, the next Senior Officer in rank should chair the meeting of DCPCs, so that work of DCPCs do not suffer on account of non availability of DM or Collector.**

## **(M) Implementation of recommendations of Working Group**

### **Recommendation (Sl.No. 32, Para No. 6.3)**

1.42 The Committee had recommended as below:

“The Committee note that a number of Working Groups have been set up by the Government to consider ways and means of protecting the interests of consumers. Such Working Groups include, ‘Food Safety’, ‘Misleading Advertisement’, ‘Drugs, Pharmaceuticals and Medical Devices/Equipments’, ‘Consumer Health and Safety concerning Tobacco & Tobacco Products’, ‘Counterfeit, Fake, Spurious and Contraband products’. A Working Group has also been set up for suggesting improvement in the existing Acts relating to the interests of consumers. The Committee understand that Reports of some of the Working Groups have been submitted and others are still under the consideration of the Government. The Committee would like to be apprised of the recommendations made by each of the Working Group set up for the purpose and the follow up action taken by the Government. The Committee would like that the Department should regularly follow up the implementation of these recommendations with the concerned Ministries. The Committee would also like to be informed of the steps taken by the Government in amending the relevant statutes, on the lines suggested by the Working Group for the purpose.”

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

“The Working Group on Food safety; Working Group on Drugs, Pharmaceuticals and Medical Devices/Equipment; Working Group on Consumer Health & Safety concerning Tobacco & Tobacco Products; Working Group on Counterfeit, fake, spurious and contraband Products and Working Group to suggest Amendment to the Consumer Protection Act have submitted their recommendations to the Government, which have been forwarded to the concerned Ministries/Departments and Agencies concerned for taking appropriate action. It may be appreciated that the recommendations made by these Working Groups are not binding on the Government as these are only advisory in nature. The Working Group on Misleading Advertisement has yet to finalize its report as it has decided to await the recommendations of the Committee, constituted by the Ministry of Information & Broadcasting to review the Programming of Advertisement codes prescribed under the Cable Television Networks (Regulation) Act, 1995 and Rules framed thereunder and the guidelines for certification of films prescribed under the Cinematograph Act, 1952. The said Committee is still to finalize its recommendations as per information made available by the Ministry of Information & Broadcasting. The Working Group to suggest further amendments to the Consumer Protection Act, 1986 and formulation of new

legislation has also submitted its report to the Government. The Working Group has only made recommendations for further amendments to the Consumer Protection Act, 1986. As regard new legislation, the Working Group observed that other Ministries/Departments were already engaged in such exercise in bringing new legislations such as Builder Licensing Board Act, Public Interest Disclosure (Protection of Informers) Bill, Whistle Blowers Protection Act, etc. Hence, the Working Group felt it should not duplicate the efforts. As regards product liability and unfair terms of contract, the Working Group recommended for appropriate amendments in the Consumer Protection Act 1986 itself. The recommendations made by the Working Groups with regard to further amendments to the Consumer Protection Act, 1986 have been taken into consideration by this Department while formulating the draft proposals for fourth Amendment to the Consumer Protection Act, 1986 which is being finalized in consultation with the Ministry of Law & Justice.”

**1.44 The Committee in their earlier report had desired to be informed of the steps taken by the Government in amending the relevant statutes on the lines suggested by working groups set up by the Government to consider ways and means of protecting interests of the Consumers. The Government in the action taken notes have stated that certain recommendations suggesting amendments to the Consumer Protection Act, 1986 made by the Working Group have been taken into consideration while formulating draft proposal for the amendment to the Act which is being finalized in consultation with the Ministry of Law & Justice. The Committee desire that the Government should bring the amendment Bill before the Parliament at the earliest.**

**(N) Obtaining feedback on working of CGRC**

**Recommendation (Sl.No.35, Para No.8.6)**

1.45 The Committee had recommended as below:

“The Committee further note that the working of the Cell is being reviewed by the Government from time to time. In this regard, the Committee would like to be informed about the mechanism of getting feedback from consumers to know about the satisfaction level of the consumers.”

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

“The CGRC and CCC are trying to resolve the complaints of the consumers to their satisfaction with mutual understanding of both the parties as CGRC and CCC (CORE Center) have no statutory powers. There is no formal mechanism of getting feedback from satisfied consumers.”



**1.47 The Committee in their earlier Report had recommended that there should be a proper mechanism in place to obtain feedback from the consumers regarding the working of the Consumer Grievance Redressal Cell. The Government in their Action Taken Reply have stated that there is no formal mechanism of getting feedback from satisfied consumers. The Committee are of the opinion that feedback from the consumer is very important as he is the best judge about the services provided by any authority. In the absence of proper feedback from consumers, the working of the cell cannot be reviewed. The Committee urge the Government to find some means so that a proper feedback regarding functioning of the cell can be obtained from consumers whose grievances have been redressed. The Government should also invite suggestions regarding enhancing efficiency of the cell from the affected parties.**

**(O) Need to bring mandatory municipal services under the ambit of Consumer Protection Act**

**Recommendation (Sl.No.44, Para No.10.17)**

1.48 The Committee had recommended as below:

“The Committee note that services rendered on consideration are included within the purview of the present Consumer Protection Act. In the opinion of the Committee, one of the major problem areas has been deficiencies on the part of Municipalities in providing services which are mandatory in nature. These services include health, medical service, garbage disposal, drinking water, drainage, etc. The Committee have been informed that one of the Working Groups set up in connection with protection of consumer interest had recommended to bring all mandatory Municipal services within the ambit of this Act. However, the proposal, after due consideration and consultation, was finally deferred as the service providers from State Governments as well as many Central Ministries/Departments expressed their inability to provide expected standards due to various resources and capacity constraints. The Committee are pained to note that the Government preferred administration and financial constraints over the interests of consumers and deferred the proposal, on the pretext that this is not the appropriate stage for such a provision. The Committee feel that the reasons stated above for deferring the proposal are merely delaying tactics on the part of both Central and State Governments who are shirking their responsibility towards citizens and consumers and denying them a right to good living. The Committee, therefore, recommend that the recommendation of the Working Group to include all mandatory Municipal services within the ambit of this Act be implemented in letter and spirit so as to ensure best services to the consumers.”

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

“Due to the fact that majority of the Ministries/Departments, States/UTs are not supporting it also because of administrative & financial implications involved, it has been decided to defer the proposal to amend the Act to include mandatory services such as Municipal services etc. under the definition of ‘service’ in the Act. As the responses have been overwhelmingly against inclusion of this proposal, it may not be appropriate to revisit the proposal at this stage.”

**1.50 In their original Report, the Committee had recommended that the recommendation of the working group to include all mandatory municipal services within the ambit of Consumer Protection Act, 1986 be implemented in letter and spirit so as to ensure best services to the consumers. The Committee are not convinced with the action taken reply of the Ministry which states that as the response from the States/UTs was against the inclusion of this proposal, it might not be appropriate to revisit the proposal at this stage. As earlier emphasized in their Report, the Committee feel that administrative and financial constraints should not be preferred over the interests of the consumers. The Committee, therefore, would like to reiterate their earlier recommendation and desire that the matter may be given a re-thought keeping in view the right of the consumer to good living. The Committee may be apprised of the action taken in this regard.**

## **CHAPTER II**

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

#### **Recommendation (Sl.No.1, Para No.1.6)**

2.1 The Committee note that the consumer movement in India is as old as trade and commerce. But there was no organized and systematic movement to safeguard the interests of the consumers. Prior to Independence, consumers' interests were considered mainly under laws such as the Indian Penal Code, Agricultural Production, Grading and Marketing Act, 1937 and Drugs and Cosmetic Act, 1940, etc. Poverty, illiteracy and lack of consciousness to assert one's rights were some of the main reasons for low level of consumer awareness in the country. As such, trade and industry and other service providers easily exploited the consumers. Policies were then designed and legislations enacted to protect the interests of the consumers. The consumers were given the right of choice, safety, information and redressal mechanism. A separate Department of Consumer Affairs was created in the Central Government in 1997 to exclusively focus on protecting the rights of consumers.

#### **Reply of Government**

2.2 The general observation made by the Standing Committee on Food, Consumer Affairs and Public Distribution has been noted.

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#### **Recommendation (Sl.No.2, Para No. 1.7)**

2.3 Setting up of a three-tier quasi-judicial mechanism to address the complaints of the consumers at National, State and District level was another milestone in the history of consumer movement in India. The National Commission at the Central level and State Commissions and District fora in some of the States/Union Territories are doing commendable work. However, the working of State Commissions and District Fora in some of the States is not upto the mark. To supplement the efforts being made by the State Governments for strengthening the consumer movement in various parts of the country, grants are being provided by the Union Government. In spite of best of the efforts made by the Union Government and State Governments, a lot still needs to be done. It was acknowledged by the Secretary during the course of oral evidence that as compared to developing countries, there is a long way to go before we can reach the level of even the lesser-developed countries in protecting the interests of consumers.

### **Reply of Government**

2.4 Under the provisions of Section 24B of the Consumer Protection Act, 1986, the National Commission is mandated to monitor the functioning of State Commissions and District Fora in the country. It regularly calls for returns from them and also gives directions where necessary. The National Commission also holds Conferences/meetings with Presidents, State Commissions and Secretaries in-charge of Consumer Affairs in States/UTs at least once a year. Besides, the performance of all Consumer Fora are also analysed regularly State-wise through their Monthly and Quarterly periodical reports by this Department and remedial actions are suggested accordingly. However, taking into account the functioning of the Consumer Fora, the overall percentage disposal of cases as on 31/3/2008 is 88.09% and the same at National Commission, State Commissions and District Fora is 82.08%, 73.81% and 90.69% respectively. It can be observed therefrom that the overall percentage of cases filed in Consumer Fora is quite good despite all the constraints faced by them. However, it may be stated here that the Department will continue to follow up measures which would take the consumer movement forward. In order to strengthen the consumer movement and to protect the interests of consumers to the level of developed/developing countries all the concerns of the Committee has also been taken up with Chief Secretaries of all States/UTs on 6.11.2007 for their appropriate action.

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### **Recommendation (Sl. No. 3, Para No. 1.8)**

2.5 The Committee have dealt in detail the various issues related to consumer movement in the report and various observations/recommendations have been made. The Committee urge the Department to chalk out detailed strategy related to consumer awareness and consumer protection in consultation with the State Governments/NGOs/VCOs/ local bodies and all other stakeholders on the lines suggested by the Committee in the report.

### **Reply of Government**

2.6 The Department has noted the suggestion of Committee and prepared detailed media plan in coordination with all the stake holders such as State Govt, Voluntary consumer organizations and others. To ensure that the involvement of the State Government is very distinctively spelt out, the respective State Governments are being advised to send detailed proposals for grants.

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### **Comments of the Committee**

(Please see Para No.1.8 of Chapter-I of the Report)

#### **Recommendation (Sl. No. 6, Para No. 2.10)**

2.7 The Committee find that the consumer protection unit of the Department of Consumer Affairs had been allocated a meagre allocation of Rs.12.84 crore during the Ninth Plan. During the Tenth Plan, initially the allocation was made for only Rs.15.50 crore. However, during the last two years of the Tenth Plan i.e. the year 2005-06 and 2006-07, the allocation for consumer protection was enhanced considerably. The Committee further find that a Working Group of Consumer Protection has submitted its comprehensive report containing recommendations for the Eleventh Plan to the Planning Commission. The Committee would like to be apprised of the details of the recommendations made by the Working Group. Besides the Committee would like that Planning Commission/Ministry of Finance should be persuaded to provide adequate outlay during the Eleventh Plan for the consumer protection and awareness programmes so as to bring out sustained countrywide multimedia publicity programmes.

#### **Reply of Government**

2.8 The Working Group on Consumer Protection, constituted by the Planning Commission for the Eleventh Plan, has submitted its report on 31.10.2007. A copy of executive summary, giving details of the recommendations made by the Working Group is at Annexure –I. Based on the recommendations of the Working Group the Planning Commission has provided an allocation of Rs. 1083 cr. for the Eleventh Plan.

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#### **Recommendation (Sl.No. 8, Para No.2.16 )**

2.9 The Committee feel that the consumer awareness programme shall not yield the desired results, until and unless the focus of targets is villages, tribal and inaccessible far flung areas. The Committee desire that aggressive campaigning about consumer protection needs to be stepped up in these vulnerable areas. The literature brought out by the Department for example 'Upbhokta Jagaran', needs to be brought out in regional languages. The video and radio Programmes for creating awareness should not only be televised /broadcasted by public broadcast but also be shown in cable/private TV Channels. The Committee desire that they may be apprised of the action taken by the Government in this regard.

## **Reply of Government**

2.10 The recommendation of the committee of focusing the campaign will be to a greater extent towards villages/rural and tribal areas has been noted. Efforts will be made to ensure that the messages of the awareness campaign would reach the remotest corner of the country.

As per the existing government directions all the advertisements are released through Directorate of Advertising & Visual Publicity(DAVP) in the empanelled channels/ broadcasters at approved DAVP rates. We are advising the State Governments/UT administrations that the private local channels/broadcasters that are not empanelled with DAVP may be utilized for creating consumer awareness at local level from the funds released to them by following proper procedures. DAVP guidelines also provide for coverage of newspaper in regional languages.

Further the target audiences are both urban and rural consumer from all segments of society belonging to all age group. Considering the fact that active involvement of State Governments in awareness campaign is crucial in taking forward the movement to rural, remote and backward areas, it has been decided to associate the State/UT Governments in expanding the area of consumer awareness, and hence the provisos for grant in-aid/support to States/UTs should be a component of the Consumer awareness scheme. Accordingly Department has released Rs.11.71 crores during 2006-08 States/UTs to run awareness campaign at local level in local languages.

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### **Recommendation (Sl. No. 9, Para No. 2.17)**

2.11 The Committee further feel that the Department has to think of adopting entirely different techniques for consumer awareness in rural areas keeping in view the ground reality. The illiterate and innocent rural poor consumers cannot take the advantage of sophisticated techniques of consumer helpline or online mechanism as introduced by the Department for redressal of consumers' grievances. That foremost condition of using these techniques is a minimum level of education and awareness. There is an urgent need to make these people aware of their rights and this can be achieved through simple techniques like street drama, musical drama, folk dances, nautanki, etc. in regional languages. Song and Drama Division and Field Publicity Units of the Ministry of Information and Broadcasting and Publicity Units of the State Governments should extensively be involved. Besides, as recommended in the earlier para of the report, the Committee emphasize that adequate outlay for consumer awareness should be provided so as to achieve the aforesaid objective.

## **Reply of Government**

2.12 To reach out to Rural areas, the Department has formulated the methodology of providing grants to States.. Since Panchayati Raj Institutions have access to the remotest areas where communication through traditional media has better outreach, through this approach, PRIs would also have ownership over the Awareness Campaign. PRIs Capacity Building is being proposed under separate scheme of the Department. Involvement of State Governments will also help create a permanent structure by formulating a training programme to teachers regarding consumer clubs and also imparting training regarding methodology to approach redressal officer for resolution of consumer grievances. Involvement of local media and the conventional publicity methods such as 'Nukkad Natak', folk songs etc. can be best achieved by involving State Governments. For carrying out the campaign in rural areas including North Eastern region, Song & Drama Division and Field Publicity Units of the Ministry of I&B and Publicity Units of the State Governments are also to be involved. Song & Drama Division is a media unit of the Ministry of Information and Broadcasting which performs wide-range of activities such as Drama, Dance-Drama, Puppetry, folk recitals, magic etc. to propagate policies through artists registered with the Division. The successful implementation of programmes is ensured through special team of officers deputed to make visit to the places where programmes are being held and obtain first hand information on the effectiveness of the programmes. Advertisements are being released in all the Journals of Publication Division of Ministry of Information and Broadcasting including regional languages.

The Multi-media campaign to be organised at the Central level will be duly complemented through the above efforts of the State Governments in achieving a holistic goal. The infra structure of other Department having infrastructure all over the country such as Department of Railway, Post, Food and Public Distribution etc will also be utilized to deliver the messages all over the Country.

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## **Comments of the Committee**

(Please see Para no.1.17 of Chapter- I of the Report)

## **Recommendation (Sl. No. 10, Para No. 2.18 )**

2.13 With the enactment of the Constitution 73rd Amendment Act, 1992 elected Panchayati Raj Institutions exist in almost every State/UT. The Department should take the desired initiatives to involve Panchayati Raj Institutions in various programmes related to consumer awareness. Besides, the



publications of the Department specifically 'Upbhokta Jagaran' should be brought out in regional languages and distributed to the elected representatives of Panchayati Raj Institutions. The Committee further feel that the best forum to educate the rural masses about their rights as consumers as well as the techniques to redress to their grievances is the meetings of Gram Sabha, which are attended by almost every villager. The Committee note that 24 December has been declared as National Consumer Day since the year 2000. The Department in consultation with the Union Ministry of Panchayati Raj should take the desired initiatives to have mandatory meetings of Gram Sabhas on this day where the villagers could properly be educated about their rights as consumers.

### **Reply of Government**

2.14 Some of the activities such as distribution of user manuals, posters etc. in the regional languages can best be undertaken by involving State Governments. Further, the involvement of Panchayati Raj institutions for publicity regarding consumer awareness shall fulfill the objective of devolution of powers through Panchayati Raj institutions. Since Panchayati Raj Institutions have access to remotest areas where communication through traditional medium has better outreach, through this approach, PRIs would also have ownership over the Awareness Campaign. PRIs Capacity Building is being proposed under separate scheme of the Department. Involvement of State Governments will also help create a permanent structure by formulating a training programme to teachers regarding consumer clubs and also imparting training regarding methodology to approach redressal officer for resolution of consumer grievances. Involvement of local media and the conventional publicity methods such as 'Nukkad Natak', folk songs etc. can be best achieved by involving State Governments. Regarding mandatory meetings for Gram Sabha on 24<sup>th</sup> December (National Consumer Day), matter is being perused in consultation with Union Ministry Pananchyati Raj, Publicity material shall also be provided to Gram Panachyat for local distribution.

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### **Recommendation (Sl.No.11, Para No. 2.19)**

2.15 The Committee note that the Department has instituted National Awards on Consumer Protection to encourage the VCOs , women and youth . The VCOs who have done outstanding work are given prize money of Rs. 50,000, Rs. 40,000 and Rs. 30,000 alongwith certificates of Merit. The Committee would like to be apprised of the number of VCOs, women and youth who have been given prize so far. Further, the Department should also inform the Committee about the number of VCOs, women and youth from rural areas who have been awarded prizes so as to know the impact of this scheme in rural areas.

### **Reply of Government**

2.16 Under the scheme of Swami Vivekananda National Awards on Consumer Protection, so far, 23 VCOs, 15 Youths & 15 Women were given the award, out of which 9 VCOs, 5 youths & 3 more women are either from rural areas or have their contribution on Consumer Protection in rural areas.

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### **Recommendation (Sl. No. 13, Para No. 3.24 )**

2.17 The Committee further note that there are a large number of pending cases in the National Commission, State Commissions and District Fora. The average percentage of disposal of cases in the case of National Commission has been reported to be 81.3 per cent whereas percentage disposal of cases in State Commissions and District Fora is 70.16 and 89.59 per cent, respectively. The Committee find from the information provided by the Department that the problem of infrastructure is more acute in case of District Fora, thus making the District Fora non-functional. However, looking into the overall percentage of disposal of cases, the Committee note that District Fora are doing comparatively well. The Committee would like the Department to analyze the aforesaid data of disposal of cases carefully and find out the specific reasons for lesser disposal of cases in State Commissions. The Committee may also be informed in this regard.

### **Reply of Government**

2.18 There are in all 608 District Fora and 35 State Commissions out of which 53 District Fora are stated to be non-functional as on 02.01.2008. This turns out to be 8.7% of the total District Fora. As regards, the disposal of cases of State Commissions and District Fora, it is to be noted that the figure given in respect of State Commissions and District Fora is the total of the case disposals of all State Commissions and District Fora in the entire country, which are having different rates of disposal of cases, individually.

As the rate of disposal of cases cannot be same in all the State Commissions and District Fora, the same is true for total disposal of cases in all State Commissions and District Fora separately. The reasons for such variation between any two Consumer Fora can be temporarily due to any of the reasons like voluminous growth of cases, staff shortage, lack of working environment, efficiency of the President/members in respect of disposal of cases, etc. For improving and minimizing the variation in the performance of different Consumer Fora, the Central Government has been regularly taking up the matter with the States/UTs even at highest level requesting them to expedite corrective measures. Besides, the performance of all Consumer Fora are also analysed

regularly State-wise through their Monthly and Quarterly periodical reports and remedial actions are suggested accordingly.

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**Recommendation (Sl. No. 15, Para No. 3.26 )**

2.19 The Committee are concerned to note almost negligible number of cases filed in the District Fora in some of the States/UTs. From the data made available by the Department, the Committee note that in Daman and Diu, not even a single case was filed in the State Commission and District Fora since inception. Besides, in various North-Eastern States and Lakshadweep, the number of cases filed are very marginal. The Committee feel that the lack of awareness about the rights as a consumer is the main reason for reporting of almost nil or marginal cases in the aforesaid States/UTs. The Committee recommend to evolve a strategy to have an aggressive consumer awareness campaign in these States in consultation with the respective State Governments/Union Territory Administrations.

**Reply of Government**

2.20 It is submitted that in smaller States/UTs, because of greater interpersonal rapport/interaction between consumers and providers of goods and services, a large number of consumer grievances may be settled amicably between the parties and aggrieved consumers may resort to filing cases in Consumer Fora only in extreme cases. This also results in lower number of cases filed in Consumer Fora. However, with regard to filing of cases in State Commission of Daman & Diu, it is stated that UTs of Dadra & Nagar Haveli and Daman & Diu share a common State Commission and figures pertaining to filing and disposal of cases in State Commissions of these UTs are often shown by NCDRC against one of the UTs. However the figures pertaining to cases filed/disposed etc in Daman & Diu as provided by NCDRC on 02.01.2008 is furnished below for ready reference:

Name of UT	Consumer Fora	Cases filed since inception	Cases disposed	Cases Pending	As On
Daman & Diu	State Commission	25	22	3	31.10.2007

The figures pertaining to District Fora of Daman & Diu are as under:

Name of UT	Consumer Fora	Cases filed since inception	Cases disposed	Cases Pending	As On
Daman & Diu	District Fora	120	103	17	31.10.2007

The figures relating to cases filed, disposed & pending in respect of North Eastern States and Lakshadweep are as under:-

Name of State	Consumer Fora	Cases filed since inception	Cases disposed of since inception	Cases Pending	%of Disposal	As On
Arunachal Pradesh	State Commission	45	33	12	73.33	30.09.2007
	District Fora	277	244	33	88.09	30.09.2007
Assam	State Commission	2122	1100	1022	51.84	31.10.2007
	District Fora	10627	6592	4035	62.03	30.06.2007
Manipur	State Commission	70	60	10	85.71	30.06.2007
	District Fora	959	937	22	97.71	30.06.2007
Meghalaya	State Commission	115	109	6	94.78	31.05.2007
	District Fora	322	308	14	95.65	31.03.2007
Mizoram	State Commission	132	115	17	87.12	30.11.2007
	District Fora	2065	2011	54	97.38	31.12.2006
Nagaland	State Commission	94	64	30	68.09	31.12.2006
	District Fora	246	205	41	83.33	30.06.2006
Tripura	State Commission	1045	976	69	93.40	30.11.2007
	District Fora	1894	1689	205	89.18	30.09.2007
Lakshadweep	State Commission	14	13	1	92.86	30.11.2007
	District Fora	53	52	1	98.11	30.11.2007

The strategy adopted for Consumer Awareness in these States is as under:-

The multi-media publicity campaign under “Jago Grahak Jago” theme gave adequate attention & focus on the North-East State and Lakshadweep. The observations of the Committee have been noted and even greater thrust shall be given to these States in consultation with the respective State Governments/UT administrations during the Eleventh Plan.

The observations of the committee will be kept in mind while devising the consumer awareness strategy for Dam Diu ,Lakshadweep and North Eastern States, An aggressive campaign specially targeted at these areas undertaken in due consultation with the respective State /UTs Administrations . While devising the campaign strategy for the entire country, the cultural set up and circumstances of these areas will be specifically kept in mind to ensure the awareness campaign is effective and takes into account the regional and the local issues of these areas so as to ensure that consumers in these areas are fully aware about their right as a consumer and also the grievance redressal mechanism available to them.

**Recommendation (Sl. No. 16, Para No. 3.27)**

2.21 The Committee further note that consumers in remote and far-flung areas, consumers have to come to the District Headquarters for filing of cases. Similarly the State Commissions are located in the respective State capitals. The distance as well as the lack of connectivity deter the consumers to come to the District Headquarters/ State Capitals. In view of the aforesaid scenario, the Committee feel that there is an urgent need to work out some mechanism whereby the Consumer Grievance Redressal Mechanism is available at the doorstep of the consumers. By and large, holding of Lok Adalats and Circuit Benches at the Block Headquarters may provide solution to this problem. The Department should consider the aforesaid difficulties being faced by the consumers in far-flung /difficult areas and evolve some solution in this regard. The Committee may also be kept apprised.

**Reply of Government**

2.22 The observations of the Committee have been noted for consideration. An amendment to the Consumer Protection Act to enable District Fora also to hold Circuit Benches, among other things, is already under consideration. All States/UTs have also been requested to adopt Lok Adalat method for disposing of cases, during weekends by National Consumer Disputes Redressal Commission (NCDRC).

The Department has also taken up the matter regarding adoption of Lok Adalats in States/UTs where there is bulk pendency of cases, with Chief Secretaries of States/UTs on 06.11.2007.

**Recommendation (Sl. No. 17, Para No. 3.28)**

2.23 The Committee have been informed that another reason which has impeded the disposal of cases in time as well as non-functional status of some of the District Fora is failure to fill the vacancies in the State Commissions and District Fora. From the data provided by the Department, the Committee note that District Fora are worst affected by the problem of vacancies. In various District Fora, 49 posts of President and 181 posts of Members are lying vacant. The Committee also find that various provisions have been made in the Consumer Protection Act through amendments to resolve the problem of

vacancies. For example, the provision that the senior most Member may preside over the Consumer Fora, if the President is absent for any reason and the provision of reappointment of President and Members of Consumer Fora are some of the amendments made in this regard. In addition, various instructions to State Governments to maintain a panel of Presidents and Members to fill vacancies arising in the District Fora are repeatedly being issued by the Department. In spite of this, the problem of vacancies persists in State Commissions and District Fora. The Committee therefore, strongly recommend that the vacancy position in all the District Fora across the country should be reviewed regularly and all out efforts be made to fill the vacancies at the earliest.

### **Reply of Government**

2.24 Under the provisions of Section 24B of the Consumer Protection Act, 1986, National Commission is mandated to monitor the functioning of State Commissions and District Fora in the country. It regularly calls for returns from them and also gives directions where necessary. It also holds Conferences/meetings with Presidents of State Commissions and Secretaries in-charge of Consumer Affairs in States/UTs at least once a year.

As already stated, the Central Government is also regularly taking up the issue of vacancy position in Consumer Fora along with other issues, even at the highest level, with States/UTs. Besides, the performance of the Consumer Fora in the State/UTs is also being reviewed through Monthly and Quarterly periodical reports and the concerned States/UTs are directed to take remedial action for the short falls noticed.

The recommendation of the Parliamentary Standing Committee in this regard has again been taken up by Secretary (CA) with the States/UTs on 06.11.2007 at the level of Chief Secretaries for appropriate action.

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### **Recommendation (Sl. No. 18, Para No. 3.29)**

2.25 In most of the States, salary of a High Court Judge is being provided to the President of a State Commission and salary of a District Judge to the Presidents of District Fora. In the States where aforesaid provision has not been made, the variation in the salary and allowances paid to President and Members of State Commissions and District Fora is quite glaring. The Committee further find that in many of the States/UTs, provision has been made to pay the remuneration to Members of State Commissions and District Fora on daily basis. Further, the honorarium paid to Members of State Commissions as well as District Fora is very low in case of some of the States. For example, in Meghalaya, honorarium paid to Members of State Commissions as well as District Fora is as low as Rs.75 per day. In Lakshadweep, Rs.150 is provided as per day honorarium to Members of State Commissions and Rs.100 to Members of District Fora. On the other hand some of the States are paying very attractive

honorarium/ remuneration to President and Members. For example, in Chandigarh, besides the fixed monthly amount of Rs.26,000, allowances and perks are also being provided. From the aforesaid scenario of disparity in the salary and honorarium structure of President and other Members of State Commissions and District Fora, the Committee find that perhaps the low salaries have dissuaded suitable candidates to take up assignments in State Commissions and District Fora. The low salary and honorarium structure has failed to attract the best available talent in the field. The Committee further note that the Department has been passing resolutions to bring about a uniformity in the salary and honorarium being paid to President and Members of different State Commissions. However, the State Governments and UT Administrations are not implementing the resolutions. The Committee strongly recommend that the matter may be taken up with all the State Governments and Union Territory Administrations at the highest level so that the problem of pending vacancies and inadequate remuneration could be resolved.

### **Reply of Government**

2.26 The matter has been recently taken up by the Secretary (Consumer Affairs) with State Government at the level of Chief Secretary on 06.11.2007 emphasizing the concerns of the Parliamentary Standing Committee in this regard. In this connection, it may be stated that this Department had circulated the Supreme Court judgment in the case of State of U.P & Others Vs. Jeet S. Bisht & Another [JT-2007(8) SC 59] regarding payment of adequate remuneration to the President/Members of Consumer Fora to all the States/UTs. The Supreme Court has observed as under

“103 However, the Central and State Governments are requested to consider fixing adequate salaries and allowances for Members of the Consumer Fora at all three levels so that they can function effectively and with a free mind. They are also requested to fill up vacancies expeditiously so that the Fora can function effectively.”

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### **Recommendation (Sl. No. 21 Para No. 3.32 )**

2.27 The Committee take note of various problems faced by District Fora in the implementation of the Consumer Protection Act. Some of the problems faced by these District Fora include non-formation of District Consumer Protection Councils at District levels, ignorance of Members of District Fora about prevailing laws relating to complaints, political interference in selection of Members of State Commission, District Fora and Consumer Forum, frequent adjournments, absence of labs for analysis at District level and failure to release funds by State Governments. The insistence by District Fora on compromise between the complainant and defendant, is another factor, which impedes the implementation of the Consumer Protection Act leading to delay in delivering justice to the consumers. The Committee are of the view that the problems highlighted by various District Fora as given in detail in the preceeding para number 3.22 of the

report are genuine and merit due consideration by the Government. The Committee desire that result oriented action be taken by the Centre/State Governments in this regard. The Committee would like to be apprised of the action taken by the Government in this regard.

### **Reply of Government**

2.28 The problems and shortcomings observed by the Committee have been taken note of. The concerns of the Parliamentary Standing Committee have been brought to the notice of all the State Governments/UT Administrations for taking appropriate remedial action.

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### **Recommendation (Sl. No. 28, Para No. 4.27 )**

2.29 The Committee note that the concept of Citizens' Charter was introduced in the year 1994 to provide a clean, effective and responsive administration at all levels with an emphasis on transparency and accountability. The Government introduced Citizens' Charter in a phased manner in the Ministries/Departments where a large public interface is involved. As on date only 91 Central Citizens' Charters have been approved and are under implementation by different States/UTs. The Committee have also been informed that the Department of Consumer Affairs has prepared its own Citizens' Charter. Besides, BIS and FMC have also prepared their Citizens' Charter which is available on the website of the Department. The Committee desire that action on fast track basis needs to be initiated to cover the remaining agencies/authorities who have not yet formulated Citizens' Charter. As the Charter incorporates citizens entitlement to public services, quality of service, access to information and time bound redressal of grievances, etc the Committee desire that wide publicity be given to the Citizens' Charter so that people can take advantage of their entitlements etc. The Committee would like to be apprised of the action taken in the matter.

### **Reply of Government**

2.30 All agencies/authorities under the administrative control of the Department have prepared their citizens' charters. The action is being initiated for wide publicity of these charters.

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### **Recommendation (Sl. No. 31, Para No. 5.4 )**

2.31 The Committee further note that the Action Plan proposes to evolve a National Policy on consumer protection. The Committee recommend that the policy should be framed expeditiously so that it can provide necessary direction and guidelines to various Ministries of the Union as well as the State Governments in setting priorities for consumer awareness and consumer protection and also to make them more responsive to the causes of consumers.

### **Reply of Government**

2.32 The Department has already initiated necessary action consulting all the stake holders before framing the national policy on consumer protection.

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### **Recommendation (Sl. No. 32, Para No. 6.3 )**

2.33 The Committee note that a number of Working Groups have been set up by the Government to consider ways and means of protecting the interests of consumers. Such Working Groups include, 'Food Safety', 'Misleading Advertisement', 'Drugs, Pharmaceuticals and Medical Devices/Equipments', 'Consumer Health and Safety concerning Tobacco & Tobacco Products', 'Counterfeit, Fake, Spurious and Contraband products'. A Working Group has also been set up for suggesting improvement in the existing Acts relating to the interests of consumers. The Committee understand that Reports of some of the Working Groups have been submitted and others are still under the consideration of the Government. The Committee would like to be apprised of the recommendations made by each of the Working Group set up for the purpose and the follow up action taken by the Government. The Committee would like that the Department should regularly follow up the implementation of these recommendations with the concerned Ministries. The Committee would also like to be informed of the steps taken by the Government in amending the relevant statutes, on the lines suggested by the Working Group for the purpose.

### **Reply of Government**

2.34 The Working Group on Food safety; Working Group on Drugs, Pharmaceuticals and Medical Devices/Equipment; Working Group on Consumer Health & Safety concerning Tobacco & Tobacco Products; Working Group on Counterfeit, fake, spurious and contraband Products and Working Group to suggest Amendment to the Consumer Protection Act have submitted their recommendations to the Government, which have been forwarded to the concerned Ministries/Departments and Agencies concerned for taking appropriate action. It may be appreciated that the recommendations made by these Working Groups are not binding on the Government as these are only

advisory in nature. The Working Group on Misleading Advertisement has yet to finalize its report as it has decided to await the recommendations of the Committee, constituted by the Ministry of Information & Broadcasting to review the Programming of Advertisement codes prescribed under the Cable Television Networks (Regulation) Act, 1995 and Rules framed thereunder and the guidelines for certification of films prescribed under the Cinematograph Act, 1952. The said Committee is still to finalize its recommendations as per information made available by the Ministry of Information & Broadcasting. The Working Group to suggest further amendments to the Consumer Protection Act, 1986 and formulation of new legislation has also submitted its report to the Government. The Working Group has only made recommendations for further amendments to the Consumer Protection Act, 1986. As regard new legislation, the Working Group observed that other Ministries/Departments were already engaged in such exercise in bringing new legislations such as Builder Licensing Board Act, Public Interest Disclosure (Protection of Informers) Bill, Whistle Blowers Protection Act, etc. Hence, the Working Group felt it should not duplicate the efforts. As regards product liability and unfair terms of contract, the Working Group recommended for appropriate amendments in the Consumer Protection Act 1986 itself. The recommendations made by the Working Groups with regard to further amendments to the Consumer Protection Act, 1986 have been taken into consideration by this Department while formulating the draft proposals for fourth Amendment to the Consumer Protection Act, 1986 which is being finalized in consultation with the Ministry of Law & Justice.

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### **Comments of the Committee**

(Please see paragraph no. 1.44 of Chapter-I of the Report)

### **Recommendation (Sl. No. 33, Para No. 7.6)**

2.35 The Committee note that the Consumer Helpline was launched on 15 March, 2005 on the occasion of World Consumer Rights Day for providing guidance, information and advice to consumers for redressal of their grievances against various services and products. According to the Ministry, the National Consumer Helpline advises consumers to deal with problems related to defective products, deficiency in services and unfair trade practices etc. The Committee, while welcoming the introduction of Consumer Helpline for the benefit of consumers, desire that the consumers be made aware of this service in a big way through electronic and print media. They would like to be informed of the steps taken in this regard.

### **Reply of Government**

2.36 All the advertisements under Jago Grahak Jago campaign contain information regarding National Consumer Help Line. Apart from this, the Help Line details are also being advertised through exclusive advertisements through print /electronic media.

**Recommendation (Sl.No.34, Para No. 8.5)**

2.37 The Committee note that Consumer Grievance Redressal Cell (CGRC) was set up by the Department during 2002 to redress the grievances of consumers relating to sale of defective goods, deficient services, overpricing, etc. During the five years of its operation the Cell has received 6179 complaints from all over the country. All the complaints are forwarded to Consumer Coordination Council for appropriate advice/guidance to the complainant or to the concerned manufacturers, companies, etc for redressal of consumers complaints. The Committee observe that the number of complaints received is too little specifically when the Cell operates at the National level and receive complaints from all over the country. The Committee feel that there is an urgent need to make the people aware of the working of the aforesaid Cell so that more and more consumers get redressal of their complaints through the Cell. The Department should take all the desired action in this regard.

**Reply of Government**

2.38 The Consumer Grievances Redressal Cell (CGRC) was set up in February 2002. During the last calendar year, the Cell had received a large number of complaints covering the aspects mentioned above from all over the country including the North Eastern States. The number of complaints received in CGRC since its inception is as under:

<u>Year</u>	<u>No. of complaints</u>
2002-2003	742
2003-2004	814
2004-2005	653
2005-2006	3223
2006-2007	2256

All the complaints received by Consumer Grievances Redressal Cell are promptly forwarded to the Consumer Coordination Council for appropriate action/guidance/redressal to the complainants or to the concerned manufacturers, companies etc. regarding replacement of goods, re-installation of telephone/electricity, rectification of wrong bills, possession of allotted flats, payment of Bond amounts due on maturity etc. The Cell itself is attending the complaints of important nature. To educate the consumers about their rights and responsibilities, the Department has been releasing small advertisements in National dailies/regional newspapers in local languages as also programmes on electronic media like Doordarshan and such other TV Channels. After making the efforts, more and more consumers are getting redressal of their complaints through the CGRC. Besides, the services of the CORE Center, National

consumer Helpline and VOICE are being utilized by the Government to make aware of the people to get redressed of their grievances.

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**Recommendation (Sl. No. 36, Para No. 8.7)**

2.39 The Committee also note that the Consumer Grievance Redressal Cell also takes *suo moto* action by attending to complaints appearing in the columns of the newspapers. The Committee while appreciating the aforesaid mechanism of redressal of complaints of consumers would like to be informed about the number of complaints attended by the Cell as appeared in the various columns of newspapers so as to know the effectiveness of the aforesaid mechanism of redressal of consumer grievances. Besides various grievances received from the Cabinet Secretariat and PMO related to consumer matters are also attended to. The Committee would like to be informed about the nature of issues received through Cabinet Secretariat and PMO.

**Reply of Government**

2.40 The CGRC are also attending to the complaints appearing in the columns of the newspapers. During the year 2006-07, there were 6 complaints attended by the CGRC itself. The CGRC are attending the complaints received through the Cabinet Secretariat and PMO related to consumer matters. Besides, the CGRC has been receiving the complaints on various subjects like service matters, acceptance of innovated projects on electronic systems etc. These complaints are forwarded to the concerned Departments/Manufacturers/Companies etc. for taking appropriate action as well as to redress the grievance of the complainant.

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**Recommendation (Sl.No.37, Para No. 8.8 )**

2.41 The Committee also find that Consumer Grievance Redressal Cell has been set up at the National level and is addressing to complaints of consumers received from all over the country. The Committee feel that similar Consumer Grievance Redressal Cell need to be set up in various States. The Committee would like that the State Governments/Union Territory Administrations should be persuaded to set up such Cells in each of the State/UT.

## **Reply of Government**

2.42 The State Governments/Union Territory Administrations are persuaded to set up the Consumer Grievances Cell in order to redress the complaints of the consumers.

In addition to National Consumer Help Line which has been functioning since March 2005, it is proposed to set up State Consumer Help lines during 11<sup>th</sup> Plan on similar lines as National Consumer Help Line which will extend service in the regional language of the State concerned and in Hindi and English. Eventually these State Help Lines can be networked with National Consumer Helpline so as to make two way information access possible. These help lines will be able to reach out to rural consumers in various States and help in redressing their complaints.

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### **Recommendation (Sl. No. 45, Para No. 10.18)**

2.43 The Committee have taken note of the upsurge in the prices in housing sector consequent upon booming economy. Taking undue advantage of imbalance in demand supply equilibrium, various housing authorities in Government and private sectors are inducing consumers. For instance, recently DDA, GDA, Greater Noida and HUDA announced their housing schemes for different categories of consumers. Surprisingly, the brochure containing information about the various schemes of these authorities were priced between Rs. 160 to Rs. 1000. There has been similar experience noticed in the admission to professional colleges for courses such as engineering, architect, medical, pharmacy and other professional courses where not only the prospectus are highly priced but also the counseling conducted for these courses are also at exorbitant rates and varies from Rs. 1,000 to Rs. 5,000 in some of the cases. The Committee do not subscribe to the view of the Government that in the current liberalized regime, it is the market forces which should determine the price at which a good or a service is made available to a potential consumer. The Government have further stated that the housing board/promoter of housing societies are at liberty in fixing the prices for different categories of consumers. Government's role would limit to ensuring fair competition and in removing factors that impede the play of market forces. The Committee are of the view that in a welfare State, Government should ensure that all sections of the society are treated alike and there is no monopolistic tendency by which a citizen is exploited. The Committee, therefore, desire that the monopolistic tendency on the part of housing boards which take undue advantage of shortage of housing and exploit the gullible consumers needs to be checked. The Committee desire that besides ensuring fair competition, the Government should intervene in the matter and not let Housing Boards/Promoters of Housing Societies get away with this easily. An affordable token money not exceeding Rs. 100 can be charged in above cases to ensure maximum participation. The Committee also want that the matter regarding price of prospectus and counselling should be taken up at

the highest level with the Department of Higher Education and Department of Urban Development. The Committee should be apprised of the action taken in the matter.

### **Reply of Government**

2.44 The observations of the Committee have been taken up with the Ministry of Urban Development & the Department of Higher Education of the Govt. of India, at the level of Secretary for their appropriate action *vide* this Department's D.O. letter dated 06.11.2007.

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## **CHAPTER-III**

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

#### **Recommendation (Sl.No.20, Para No.3.31)**

3.1 The Committee note that most of the District Fora are suffering for want of adequate infrastructure and other basic amenities/necessities. The Committee feel that this acts as a deterrent in quick disposal of cases and thereby causes pendency of consumer cases. In this context, the Committee desire that the grants to all District Fora be provided for improving infrastructure facilities at the earliest. It has been brought to the notice of the Committee that many States do not take active interest in consumer related activities. In order to inculcate the feeling of welfare of consumers, the Committee desire that a Model District Fora funded by the Central Government needs to be set up in each State. The experience gained from such Model District Fora should be replicated in other districts of the State.

#### **Reply of Government**

3.2 The observations/recommendations of the Committee have been noted for consideration. In so far as setting up of Model District Fora is concerned, it is felt that there appears no need to set up such a Model District Forum out of Central Government funds for replication in other States, because under the scheme of Integrated Project on Consumer Protection, grants are already being extended to States/UTs on need based on the basis of norms formulated for a District Forum/State Commission so that a minimum level of facilities are provided in each Consumer Forum in the Country required for their effective functioning. An amount of Rs. 56.41 crores has been released upto 31.1.2008 to 19 eligible States under the scheme. This is in addition to Rs. 61.80 crores released under the scheme of One Time Grant of 1995 to cover 458 District Fora & 32 State Commissions in all States/UTs & Rs. 10.20 crores released under the scheme of One Time Grant of 2004-05 to cover the newly created 53 District Fora & 3 State Commissions established after 1995 & spread over 13 States. It is expected that after all the grants are fully utilized the Consumer Fora would not suffer for want of adequate infrastructure.

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### **Recommendation (Sl. No. 22, Para No. 4.21 )**

3.3 The Committee note that the Consumer Welfare Fund was created in 1991 by amending the Central Excise and Salt Act, 1944. The main objective of the fund is to provide financial assistance to VCOs/NGOs and State Governments for strengthening Consumer Movement in the country. The aforesaid fund was set up by the Department of Revenue in 1992. Subsequently, a separate Department of Consumer Affairs was created in the Central Government in the year 1997 to act as the nodal Department to exclusively deal with the issues related to consumer welfare and awareness. The Committee have been informed that no proposal has been mooted to bring the Consumer Welfare Fund under the ambit of the Department of Consumer Affairs, although the fund is being operated by the Department of Consumer Affairs. The Committee fail to understand the rationale of placing the Consumer Welfare Fund under Department of Revenue when the operational responsibility rests with the Department of Consumer Affairs. The Committee are further concerned to note that no initiative in this regard has been taken by the Department of Consumer Affairs so far. The Committee feel that the exclusive responsibility of Consumer Welfare Fund should be given to the Department of Consumer Affairs. The Committee urge that the desired action in this regard should be taken by the Government and the Committee be apprised accordingly.

### **Reply of Government**

3.4 Consumer Welfare Fund was created by amending the Central Excise and Salt Act, 1944 where the money which is not refundable to the manufacturers/importers are credited. Since, the Customs and Excise Divisions under the Deptt. of Revenue is the source of these funds and receipt of the same is a continuous process, the Deptt. of Revenue is the custodian of the fund. Moreover re-assessment and appeals and also refunds from CWF to the manufacture/importers on the basis of decision on appeals are within the domain of the Deptt. of Revenue. In any case accruals to the CWF are available to this Department for usage in accordance with the CWF Rules and related guidelines (which have recently been comprehensively revised by the Department)

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### **Recommendation (Sl.No. 29, Para No. 4.28)**

3.5 The Committee find that the main objective of the Consumer Welfare Fund was to generate consumer awareness and strengthen Consumer Movement through various programmes funded out of Consumer Welfare Fund, particularly in rural areas. The Committee would like to be informed about the number of schools/colleges in rural areas who have been provided assistance under the scheme Consumer Club. The Committee emphasize to monitor the various activities/projects funded out of the 'Consumer Welfare Fund' separately for rural areas so as to know about the fulfillment of the objectives of creating the aforesaid Fund.



### **Reply of Government**

3.6 A list of schools state wise funded under CWF Scheme is given at Annexure-B Under Consumer Welfare Fund grant has been sanctioned to following organizations for projects mainly catering to rural consumers.

(1) CONCERT : This is training project for detecting adulteration in common food items covering 8 districts of Tamil Nadu on a pilot basis . Rural women , self help groups are given training under this project

(2) Project by Tamil Nadu Govt.: This is a training project on consumer awareness and education mainly catering to rural women , farmers, self help groups and other stake holders covering all districts of Tami Nadu. Training of Government employees who have consumer interface are also covered under the project.

(3) SAVERA : This is an IEC based consumer awareness project being implemented in Kishanganj and Kathiar districts of Bihar.

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### **Recommendation (Sl. No. 39 Para No. 9.9)**

3.7 The Committee note that Hallmarking of Gold Jewellery Scheme was launched by BIS in April, 2000 on voluntary basis and 45 hallmarking centres for gold jewellery have been recognized by BIS in the country. The Government have now launched a Pilot Project at a cost of Rs. 5.75 crore to give incentives/assistance/training to Hallmarking Centres. The Committee have been informed that there is a proposal to make gold hallmarking mandatory by 2008. The Committee feel that making hallmarking mandatory will further protect consumers from being exploited through sale of gold ornaments of lower carratage than what they have paid for. For this, adequate infrastructure in the form of Assaying and Hallmarking Centers are required on a large scale. The Committee desire that work on the pilot project launched for providing incentives / assistance / training for setting up additional Hallmarking Centers be expedited so that adequate infrastructure for assaying and hallmarking gold jewellery is available when the scheme is made mandatory.

### **Reply of Government**

3.8 1. *Mandatory Hallmarking*

1.1 In a meeting chaired by Secretary, Consumer Affairs on 19 June 2007, it was decided to introduce mandatory hallmarking of Gold jewellery/artefacts in phased manner starting with four metros of Delhi, Mumbai, Chennai & Kolkatta from 1st January 2008 in the

first phase. The important measures taken in this regard are explained as under :

2. Creation of Countrywide infrastructure for Assaying and Hallmarking of Gold

2.1 As on 31<sup>st</sup> March, 2008, 91 Assaying & Hallmarking Centres have been recognized by BIS. 13 Assaying and Hallmarking Centres have been set up under the Government Scheme (2 Assaying & Hallmarking Centres were set up during 2006-07 and 11 Assaying & Hallmarking Centres have come up during 2007-08 with Government Assistance). Remaining 78 Assaying and Hallmarking Centres have been set up in private/public sector without any Government assistance.

2.1.1 Further, to enhance the hallmarking capacity in the country, the provision for Off-site operations of BIS Recognized A & HM Centres have been made in principle, which facilitate the existing centre to receive Jewellery for hallmarking at a site away from the main centre. In these cases, samples are drawn and hallmarking is done at the offsite centre on the basis of results of assaying conducted at the main centre. This facility has been availed of by four such centers at present.

2.2 Scheme for Setting up of Gold Assaying and Hallmarking Centres in India with central assistance

For promoting Hallmarking and help it to spread across the country, a scheme of setting up of Assaying and Hallmarking centres for gold jewellery in 35 select districts on a pilot basis with central assistance was approved by Govt. under the 10<sup>th</sup> five year plan in Nov. 2005. Under the scheme selected applicants would be given one time financial assistance @ 15% of cost of machinery and equipment subject to maximum of Rs. 15 lakhs per centre for all states except locations of north-east and special category states namely Jammu and Kashmir, Himachal Pradesh and Uttaranchal for which one time financial assistance @ 30% of cost of machinery & equipment subject to maximum of Rs. 30 lakhs per centre would be given.

The Scheme is proposed to be continued and further extended to the 11th Five year Plan.

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### **Recommendation (Sl. No. 41, Para No.10.14 )**

3.9 The Committee note that the Consumer Protection Act has been enacted for providing simple, quick and inexpensive justice to all consumers. The Committee are aware that exemption has been given to “Antyodya Anna Yojana” beneficiaries from payment of fee for filing of complaints upto Rs. 1 lakh. The Committee feel that as consumer protection is at a nascent stage and also as the fee charges are not enough to deter frivolous litigants, there is no need to levy fee for filing of complaints by consumers.

#### **Reply of Government**

3.10 Nominal fee have been provided for under the Consumer Protection Act, 1986 for filing complaint in the Consumer Fora primarily to discourage filing of frivolous complaints at the initial stage itself. The nominal fee prescribed would not be a deterrent to the genuine complainants to seek redressal of their grievances through the Consumer Fora. In any case, if the complainant succeeds in the case, the Forum is likely to award compensation including the legal costs incurred in pursuing the matter in the Forum. Hence, it would be appropriate to maintain the status quo ante in regard to levy of fee.

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### **Recommendation (Sl.No. 47, Para No.10.20 )**

3.11 It has been observed that charges levied for analysis of any sample/test of any goods, acts as a deterrent in asserting one's right under the Consumer Protection Act. The Committee note that this provision has been incorporated in the Act to avoid filing of frivolous complaints by miscreants. Yet, instances cannot be ruled out where a consumer does not exercise the option of getting a product tested on account of prohibitive cost. The Committee note that in case a complainant succeeds in the case, he is liable to get back the testing fee paid besides other cost as decided by the Consumer Forum. However, this mechanism of levying fee, deters many genuine consumers from actually getting the samples/goods tested on their own. The Committee desire that in the event of dispute being less than Rs. 50,000 or less, the Government should get test undertaken in their own labs and without charging any fee thereon. For this, the Government should set up adequate laboratories where such tests can be performed free of cost.

#### **Reply of Government**

3.12 The Consumer Fora do not have facilities attached to it where testing of goods can be done at negligible cost or free of cost. The tests, if any, conducted on the goods purchased by the consumer to substantiate the charges/allegations made against such goods in the complaint filed in the forum, has, therefore, got to be done from other laboratories for which fee for availing their services have to

be paid. In the absence of Government Laboratories set up to perform these tests free of cost, it will not be possible to dispense with the provision requiring payment of fee by the complainants for getting the goods tested from outside agencies irrespective of compensation claimed.

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## **CHAPTER-IV**

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

#### **Recommendation (Sl.No. 4, Para No. 1.9)**

4.1 The Committee find from the information provided by the Department that, only one State viz West Bengal is having a separate Department of Consumer Affairs. Besides, in 23 States/UTs, the nomenclature of the Department includes words like "Consumer Affairs", "Consumer Protection" etc. The Committee are concerned to note that low priority is accorded to the subject of Consumer Protection by various State Governments and it is virtually a neglected area. The Committee are of the view that the nature and volume of work involved in consumer protection is such that it requires adequate attention and only then justice could be done to this matter of much public importance. The Committee feel that the subject also requires constant and regular monitoring. And because of its scope being so vast, a full-fledged Department headed by an officer of the level of Secretary needs to be in place in States for consumer protection. The Committee also desire that for promoting the welfare of the consumers in the States, a separate Budget needs to be earmarked for the Consumer Affairs Department. The Committee, therefore, recommend that the matter of separate Department on Consumer Affairs/Protection, headed by officer of the rank and pay of Secretary and separate budgetary provision, should be taken up in the right earnest and at the highest level with the State Governments. Some sort of in built incentives be also devised for the States/UTs who are doing well in the field of consumer awareness and consumer protection. The Committee would like to be apprised of the action taken in the matter.

#### **Reply of Government**

4.2 The issue of having a separate Department along with separate Budget for Consumer Protection has been taken up time and again by this Department with all States/UTs. So far, Kerala & West Bengal have established separate Departments for Consumer Affairs. The concerns of the Parliamentary Standing Committee in this regard as indicated in the recommendations has again been taken up by Secretary (CA) with the States/UTs on 06.11.2007 at the level of Chief Secretaries.

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#### **Comments of the Committee**

(Please see Para No. 1.11 of Chapter-I of the Report)

### **Recommendation (Sl. No. 7, Para No. 2.15 )**

4.3 The Committee note that though the Government has started a vigorous consumer awareness campaign through print media, adequate publicity has not been given through electronic media. The Committee feel that to make the consumer awareness programme broad based and more mass oriented, wide publicity should be given through electronic media on the lines of Pulse Polio Campaign etc. by roping in well known celebrities to espouse the cause. The Government should also reach the people through Gram Melas, etc. The services of the NGOs need to be exploited through special programmes by making them partners in spreading the awareness and enhancing the effectiveness of the consumer protection measures.

### **Reply of Government**

4.4 The Multi-media campaign to be organised at the Central level will be duly complemented through the above efforts of the State Governments in achieving a holistic goal. This campaign will use print, television and radio. Joint programmes involving NGO's will also be taken up. Voluntary consumer organizations are already involved in finalizing strategy for awareness campaign and enhancing consumer protection National consumer Helpline is a example of the same.

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### **Comments of the Committee**

(Please see Para No. 1.14 of Chapter-I of the Report)

### **Recommendation (Sl. No. 12, Para No. 3.23)**

4.5 The Committee note that a three tier *quasi judicial* redressal mechanism has been established at National, State and District levels as per the provisions made under the Consumer Protection Act, 1986 to resolve the consumer grievances speedily and cheaply. Whereas the responsibility of the National Commission rests with the Union Government, the responsibility of setting up as well as effective functioning of State Commissions and District Fora lies with the respective State Governments/Union Territory Administrations. The Union Government is further supplementing the efforts made by the State Governments by releasing one-time grants to District Fora for creating adequate infrastructure. Besides, various amendments in the aforesaid Act have been made for the smooth functioning of District Fora. In addition, the Department is taking proactive action to impress upon the State Governments to take desired action for the effective functioning of these Fora. In spite of the best of the efforts made by the Union Government, as many as 22 District Fora have been reported as non-functional. The Committee further note that non-functional District Fora exist in various States viz. Arunachal Pradesh, Assam, Bihar, Nagaland, Tamil Nadu, Gujarat, Uttar Pradesh, Chhattisgarh, Kerala and Rajasthan. The various factors responsible for non-functional District Fora have been addressed in detail in the

subsequent paras of the report. Here, the Committee may like to emphasize that the Department should find out State specific reasons for non-functional District Fora and persuade the State Governments/Union Territory Administrations to take corrective action in this regard. Besides, the Committee recommend that the district forum should be constituted expeditiously in a newly created District. The Committee may also be kept apprised.

### **Reply of Government**

4.6 The Central Government has been regularly taking up the matter with the States/UTs even at highest level requesting them to expedite corrective measures. Non-Functionality of Consumer Fora occurs mostly due to vacancy in posts of President/Members of Consumer Fora. The Central Government has been repeatedly requesting State Governments to take steps such as taking advance action for filling up expected vacancies of President & Members and panel of candidates, etc. so that vacancies are filled up expeditiously. To ensure that Consumer Fora remain functional, States are also requested to club adjacent Consumer Fora wherever required. Besides this, Consumer Protection Act, 1986 has also been amended to provide for the Senior Most Member to preside over the Consumer Fora if the President is absent for any reasons. However, due to various unforeseen contingencies also, unexpected vacancies may arise. The procedure for filling of vacancies also takes time and despite best efforts, some Consumer Fora remain non-functional. This number fluctuates and varies from time to time.

In addition, the performance of all Consumer Fora are also analysed regularly State-wise through their Monthly & Quarterly periodical reports by this Department and remedial actions are suggested accordingly. The matter has also been recently taken up by Secretary Consumer Affairs with chief Secretaries of State Government on 06.11.2007 emphasizing the concerns of the Parliamentary Standing Committee in this regard.

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### **Comments of the Committee**

(Please see Para No. 1.20 of Chapter-I of the Report)

### **Recommendation (Sl.No.14, Para No. 3.25)**

4.7 While noting the State-wise position of disposal of cases, the Committee find that in some of the States, the position is not satisfactory. As regards the performance of State Commissions, worse is the position in Uttar Pradesh and Mizoram where the percentage disposal is only 29.13 and 33.70 per cent, respectively. In progressive State of Maharashtra, the percentage disposal of cases is just 56.19 per cent. As regards the position of District Fora in Bihar, Dadra and Nagar Haveli, Jammu and Kashmir, Mizoram, Tripura, Uttar Pradesh, the percentage disposal of cases is less than 80 per cent. The Secretary during the course of oral evidence has acknowledged that the time limit of disposal of cases prescribed under the Act *i.e.* within 90 to 150 days is seldom adhered to.

The Secretary has also informed that in Punjab, a novel way of clearing the backlog of cases by holding the Lok Adalats has been adopted. Further, the Committee while examining the Demands for Grants (2007-08) (refer Para 4.22 of Nineteenth Report) had also been informed that an amendment to the Consumer Protection Act to have Circuit Benches or Circuit Sharing Mechanism by District Fora is being worked out. In the system of Circuit Benches or Circuit Sharing, District Fora may hold their sittings at the Tehsil or Block Headquarters in case there are large number of cases. The Committee feel that the system of Lok Adalats adopted by the Punjab Government needs to be replicated in other States where there is bulk pendency of cases. Besides, there is an urgent need to take an early decision on the issue of Circuit Benches or Circuit Sharing Mechanism by District Fora for speedier disposal of cases pending with respective District Forum. The Committee recommend to the Department to take the desired action in this regard. The Committee also recommend that the Department should review the position of pendency of cases on quarterly basis and issue necessary instructions to the respective State Governments for speedier disposal of cases.

### **Reply of Government**

4.8 The National Commission, which has the administrative control to oversee the functioning of State Commissions and District Fora throughout the country under the provisions of Section 24B of the Consumer Protection Act, 1986, have already instructed State Commissions to ensure disposal of cases on the pattern of Lok Adalat Method. As regards the issue of holding of Circuit Benches by the District Fora, an amendment proposal is already under consideration. The Department is already reviewing the position of pendency of cases not only on quarterly basis but also on monthly basis through Quarterly & Monthly Progress Reports, and also taking it up with the respective States for speedier disposal of cases along with suggestions for holding Lok Adalat on the last working day of every week to minimize the pendency of cases.

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### **Comments of the Committee**

(Please see Para No. 1.23 of Chapter-I of the Report)

### **Recommendation (Sl.No.19, Para No.3.30)**

4.9 Besides the problem of vacancies, various Consumer Fora are also facing the shortage of adequate supporting staff. The Committee have been apprised that supporting staff for District Fora is normally borrowed from the local Food and Civil Supply Department of the State Government. The Committee note that the casual approach of the State Governments in this regard has led to the ineffective functioning of District Fora. The Committee recommend that there should be All India /State service which can cater to the need of supporting staff of different levels of Consumer Fora at National, State and District Level.



### **Reply of Government**

4.10 The issue of establishment of State service which can cater to the need of supporting staff of different levels of Consumer Fora at State & District level has been taken up with the State Governments vide this Department's D.O. letter No. 5(4)/2007- CPU dated 06.11.2007.

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### **Comments of the Committee**

(Please see Para No. 1.26 of Chapter-I of the Report)

### **Recommendation (Sl.No.23, Para No. 4.22 )**

4.11 The Committee further note that the Department has decided to decentralize and transfer the Consumer Awareness and Consumer Club Schemes of the State Governments/Union Territory Administrations with effect from 1 April, 2004. To supplement the efforts made by the States/UTs in this regard, the Government has decided to make a one-time contribution of an amount proportionate to the number of districts by the Centre and the State Governments in the ratio of 50:50 (Centre:State). In case of special category States, the aforesaid ratio is 90:10 (Centre:State). The Committee have further been informed that so far 19 States and UTs have been sanctioned grants from Centre Consumer Welfare Fund for the purpose. Further, 16 States are yet to apply/receive assistance for the State/Local Consumer Welfare Fund. The Department has informed that the aforesaid States/UTs could not avail the assistance/Central share of seed money because they have not yet credited the State share in permanent non-lapsable, non-plan account. The Committee would like the Department to pursue further with the aforesaid States so that the Consumer Welfare Fund is set up expeditiously to promote the Consumer Movement throughout the country.

### **Reply of Government**

4.12 So far 19 States have availed funds to set up their own State Consumer Welfare Fund. The remaining State Govts./UTs Administration are being repeatedly reminded to avail of the benefit of the Central Share of Seed money to set up their own State CWF and formulate and notify State CWF guidelines. The delay is due to the fact that some States/UTs are yet to allocate in their own budget the amount to be deposited in CWF as their share and credit it to a separate account after which only Central share is released. In all the meetings of the State Secretaries of the Food and Civil Supplies this issue has been discussed and it is hoped that the State Govts./UT Administrations shall take prompt action towards availing the benefit of Central grant of seed money.

List of the states who have set up their State Consumer Welfare Fund in the last one year (4/2007 to 3/2008) :

S.No.	Name of States	Amounts sanctioned
1.	Kerala	15,00,000
2.	TamilNadu	50,00,000
3.	Sikkim	9,00,000 (In three installments)

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### **Comments of the Committee**

(Please see Para No. 1.29 of Chapter-I of the Report)

### **Recommendation (Sl. No. 24 Para No. 4.23 )**

4.13 The Committee note from the information made available by the Department that out of 19 States which have been sanctioned grant from Central Consumer Welfare Fund, 11 States/UTs have so far not submitted the guidelines for State Consumer Welfare Fund. The Committee also note that the organizations receiving grant from the Consumer Welfare Fund are required to follow the Consumer Welfare Fund Rules, 1992 and the guidelines for sanction of grants from the Consumer Welfare Fund. The Committee fail to understand non-submission of status of framing of guidelines for State Consumer Welfare Fund by most of the State Governments. The Committee are of the view that there is an urgent need to have strict monitoring of the implementation of various activities for which funding is being granted out of the Consumer Welfare Fund. The Committee would like the Department to get the information from the aforesaid State Governments and submit to the Committee. Further, the States which have not so far framed the guidelines should be asked to do this expeditiously.

### **Reply of Government**

4.14 The present status of States that have availed seed money to set up state CWF and notified guidelines are given at Annexure-A . States are being reminded on this regularly. In the Standing Committee set up under State CWF. Jt. Secretary of this Department or his nominee is a member. This committee monitors the utilization of funds from State CWF.

### **ANNEXURE-A**

Status of financial assistance for setting up of State Consumer Welfare Fund of Govt./UTs.

S.No.	State (No. of distt.)	Amount released (Rs).
1	Andhra Pradesh(23)	25,00,000
2	Chhattisgarh(16)	25,00,000
3	Goa(2)	4.50,000
4	Gujarat(25)	22,50,000

5	Haryana(19)	25,00,000
6	Karnataka(27)	47,00,000
7	Maharashtra(35)	46,50,000
8	Orissa(30)	47,00,000
9	Punjab(17)	10,00,000
10	Rajasthan(32)	27,00,000
11	TamilNadu(29)	50,00,000
12	Uttar Pradesh (80)	50,00,000
13	Uttaranchal(13)	12,00,000
14	West Bengal(18)	25,00,000
15	Sikkim(4)	9,00,000
16	Mizoram(8)	27,00,000
17	Arunachal Pradesh(15)	27,00,000
18	J&k(14)	27,00,000
19	Tripura(4)	9,00,000
	TOTAL: Rs.	5,15,50,000

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### **Comments of the Committee**

(Please see Para No. 1.32 of Chapter-I of the Report)

### **Recommendation (Sl.No. 25, Para No. 4.24 )**

4.15 The Committee while examining the Demands for Grants (2007-08) had expressed serious concern over non-utilization of funds earmarked for the schemes/ projects out of Consumer Welfare Fund (refer Para 4.54 of Nineteenth Report). The Committee had noted that only one-fourth of the amount provided under Consumer Welfare Fund was being used by the State Governments. The Committee had also expressed serious concern over non-submission of Utilization Certificates by various NGOs/VCOs. The Committee are of the firm opinion that an effective monitoring is required to ensure that only credible NGOs/VCOs are provided funding out of the Consumer Welfare Fund. The Committee would like to be apprised of the number of NGOs/VCOs who have been provided assistance from the Consumer Welfare Fund so far, along with the number of NGOs/VCOs who have been blacklisted. The Committee would like to reiterate their earlier recommendation to put the name of the blacklisted NGOs on the website of the Department so as to ensure that no Government funding is made to these blacklisted NGOs.

### **REPLY OF GOVERNMENT**

4.16 The State Government and Distt Magistrates are being repeatedly reminded to take action against the defaulting NGOs/VCOs ( Who have not submitted their Utilisation Certificates so far) to obtain Utilisation Certificates or

effect recovery of the CWF grant together with penal interest from them. The State Government and Distt. Administration have taken action and in quite a few cases the defaulting organizations have submitted the Utilisation Certificate and other settlement documents.

As a follow up of the earlier recommendations of the Parliamentary Standing Committee the State Govts have been advised to take up appropriate action against the defaulting organizations.

The number of NGOs who had been provided grant from the Consumer Welfare Fund but not submitted Utilisation Certificates are at Annexure-B-I. A list of such NGOs who have not provided UC have been posted in the website of this Department. One NGO namely "Society for Emancipating Neo Social Education, DCIC-Shivagangai Distt of Tamil Nadu" has been black listed on the basis of recommendation of the State Government.

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## ANNEXURE –B-I

### LIST OF ORGANISATIONS WHO HAVE NOT FURNISHED UTILIZATION CERTIFICATES IN RESPECT OF GRANT RECEIVED FROM THE CONSUMER WELFARE FUND

#### ANDHRA PRADESH

Sl.No	NAME OF VCO/NGO	Sanction order No. and Date	AMOUNT	D.O.R
1*	Anantpur Consumer Protection Council, Department of Commerce, Sri Krishnadevaraya University, Anantapur, Sri Venkateswarapuram -515003	O-11011/462/94-CWF 31/5/95	22,500/-	22-10-96
2	Village Integrated Development Youth Association, Bangaruchennipalli, Kothacheruvu-Mandal, Ananthpur	O-11011/130/94-CWF	36,000/-	20-03-96
3*	Women Association for Knowledge Earning Unity and Progress, II-270-2, Society Colony, Madanapalle-517325, Chittoor Distt.	O-11011/508/94-CWF 15/11/95	74,970/-	1-03-96
4*	Rural Development Organisation (Sri Sai Educational Society,), H.No-6-2-69, J.B.Road (Jammibanda Road), KHAMMAM-507001.	O-11011/588/94-CWF	55,330/-	22-11-95
5	Guntur Town consumer Association, 3/14, Brodipet, Guntur	O-11011/368/94-CWF	51,500/-	25-09-96
6*	Mercy Minority Education Society, D.No.13/580 A, 1 <sup>st</sup> Cross, Ramchandra Nagar, Anantpur-515001	O-1011/106/96-CWF 7/6/1996	31,500/-	30-07-96
7*	SWARE Society for Welfare and Awakening in Rural Environment, Gorantla-515231, Anantpur.(Distt.)	O-11011/115/95-CWF 25/9/1996	58,500/-	19-01-97
8*	C R E D S Comprehensive Rural Education and Economic Development Society, 1488, Jawahar Nagar, Vital Nagar,P.O.KARIMNAGAR Dist., A.P.-505 214	O-11011/151/96-CWF 29/10./96	25,000/-	4-4-96
9	Arunodaya Mahila Mandali, 4-600-! 21, Somnath Nagar, Anantpur.	O-11011/346/96-CWF	36,000/-	4-12-98

10	Comprehensive Action for Rural Development Society, Kishna.	O-11011/454/97-CWF	36,000/-	30.03.98
11*	Santi Mahila Mandali, Chakraya Palem, Kollipara Mandalam, Guntur Distt.	O-11011/278/99-CWF 24/7/2000	22,500/-	18-08-2000
12*	PRAGATI Rural Educational Service Society, Narlapati Vari Street, Kanigiri-523230, Distt Prakasam	O-11011/295/2002-CWF 17/6/2004	1,48,500/-	9-3-05

#### BIHAR

S.No .	Name of Organisation	Sanction order No. and Date	Amount	Date of release
13	Bihar Gramin Antyodaya Vikas Parishad, 12, Ram Krishna Path, North S.K.Puri, Patna -800013	O-11011/574/94-CWF 12/11/1996	67,500/-	11-3-97
14	Lok Manglam, Muhalla- Gudri, P.O. Laharia Sarai Distt, Darbhanga, Bihar-846001. 1128/97	O-11011/1128/97-CWF 27/8/1999	22,500/-	11-11-99

#### DELHI

S.No .	Name of Organisation	Sanction order No. and Date	Amount	Date of release
15	Rashtra Bal vikas Kendra, C/20/3, Sadatpur Extension, Delhi-110059	O-11011/504/94-CWF	1,54,800/-	24-8-95

#### TAMILNADU

S.No .	Name of Organisation	Sanction order No. and Date	Amount	Date of release
16	Nehru Social Education Centre, Ayakkaranpulam-2, Sethi PO, Vedaraniyam Taluk, Nagil Quaid E Milleth Distt.,Tamilnadu.	O-11011/108/2000 -CWF	72,000/-	14.9.01

# UTTAR PRADESH

17	Dr. Ambedkar Anusuchit Jan Jati, Vikas Ashram, Nai Bazar, Naini, Allahabad. 65/96 SO-25/9/96	O-11011/65/96- CWF 25/9/1996	18,000/-	19-1-97
18	Adivasi Janjati Mahila Utthan Shiksha Samiti, Vinova Nagar, Naini, Allahabad-211 009 140/95 SO dt. 29/10/1996	O-11011/140/95- CWF 29/10/1996	40,000/-	11-3-97
19	Chandhary Sadhu Singh Sewa Samiti, 147-A Tyula Ram Bagh, Allahabad. 122/95 SO dt. 29/10/96	O-11011/122/95- CWF 29/10/1996	40,500/-	2-4-97
20	Maya Silai Kadhai Prashikshan Sansthan, Vill. Gunnour Abdulhai, Gunnour(Budau) SO dt.18/3/1998 409/97	O-11011/409/97- CWF 6/10/1998	36,000/-	17-11-98
21	Vishwa Bhartiya Samajouthan Sansthan 178, Munshi Purava, D-Block, Indira Nagar, Lucknow 660/97 SO dt16/1/1998	O-11011/660/97- CWF 16/1/1998	36,000/-	30-3-98
22	Swami Sant Dass Manav Kalyan Samiti, Village-Baraicha, Post-Panchnai, Distt.-Fatehpur 645/96 SO dt.12/3/1999	O-11011/645/96	22,500/-	15-03-99
23	Pushpanjali,E-200, Sector 'F'. L.D.A. Colony, Kanpur Road, Lucknow-226012. 2 <sup>nd</sup> address Vill & P.O. Baraura, Kanpur Road, Lucknow-226012.	O-11011/607/98- CWF 26/4/2000	22,500/-	9-6-2000
24	Gramodyog Sewa – PO-Aashram, Village-Medpur, Kinangar, Distt.-Meerut 01/20/2003-CWF-II SO dt. 20/2/2004	( 01/20/2003- CWF-II )	2,11,500/-	7.4.04
25	Guru Nanak Vikas Dhara, Jhalkari Nagar, Pulia No. 9, Jhansi 274/2003	O- 11011/274/2003- CWF 7/7/2004	1,62,000/-	30.8.04
26	Awadh Sewa Sansthan,Village-Pratappur, P.O.Chatraul, Distt. Gonda (U.P.) 01/548/2003-CWF-II SO dt. 27/7/2004	01/548/2003- CWF-II 27/7/2004	1,75,500/-	21.10.2004

# KARNATAKA

27	Society for Health, Education & Economic Dev., Shed No- 13/3C, 10 <sup>th</sup> Main Road, 17 <sup>th</sup> Cross, Padarayanapura, Bangalore-560 026	O-11011/112/95-CWF 7/6/1996	31,500/-	25-9-96
28	Social Action For the Rural Dev. Orgn. (SARD), L-1, 322/A 5 <sup>th</sup> cross, Mysore.	O-11011/977/97-CWF 16/1/1998	36,000/-	31-3-98
29	Yelahanka Vishva Bharati Welfare Society and Training Institute, Banglore Rural Development Planning, SM-3 Industrial Area, Near GOGO Garments, Yelahanka Industrial Area, Bangalore-560064, Karnataka	O-11011/202/99-CWF 27/9/2000	41,400	20-10-2000
30	Dr. B.R. Ambedkar Educational Society, Veebuthipura, opposite keelukote, Antharagange Road, Kolar-563101, Karnataka	O-11011/1007/97-CWF 19/6/2001	45,000	21.8.01
31	B.R. Patil Educational Society, R. Goundgaon, Tq-Bhalki, District-Bidar, Karnataka	O-11011/23/2002-CWF 22/8/2002	81,000/-	14-11-03

#### MADHYA PRADESH

S.No.	Name of Organisation	Sanction order No. and Date	Amount	Date of release
32	Anusuchi Jati & Jan Jati Kalyan Sansthan H/O Sh Mukesh Agarwal, Durga Bhawan, Near Agrawal STD/PCO, Kire Mohalla, Vidisa, MP	O-11011/197/97-CWF 6/10/1998	27,000/-	29-10-98
33	Shri Balabh Shiksha Prasar Samit, Tewari Bhawan, Tulsi Colony, Morena,	O-11011/1055/97-CWF 1/9/1998	36,000/-	29.10.98
34	Helpline Consultancy, 221, Tansen Nagar, Gwalior	O-1011/580/2000-CWF 19/6/2001	45,000/-	14-09-2001

#### MANIPUR

35	The Rural Development Association, Thangmeiband, Yumnam Leikai, Imphal	O-11011/270/2003-CWF 22/7/2003	1,53,000/-	22.1.04
36	Goodwill & Threive Society, Haochong Village, Jameriglong	01/534/2003-CWF.II 5/7/2004	1,80,000	9-3-2005



## NAGALAND

37	Brotherhood Multipurpose Society, Diphupar, Dimapur, Nagaland	O-11011/424/2003-CWF 21/7/2003	1,35,000/-	17.03.04
38	ASA Multi purpose Coop. Society, Ltd, Chumukedima Block-III Dimapur, Nagaland	O-11011/289/2003-CWF 21/7/2003	1,44,000/-	9.12.03

## ORISSA

39	Org. for Social Change & Rural Deve. (OSCARD) A/85, Sahidnagar, Bhubaneshwar, Orissa.	O-11011/79/95-CWF 7/6/1996	56,700/-	5-12-96
40	Mother Teresa Ladies Mission Vill & PO Chinulei, Dhenkanal	O-11011/233/97-CWF 20/11/97	27,000/-	31-3-98
41	Peoples' Rural Reconstruction Institute For Youth Action P.O. Bartana, Balasore Dist.	O-11011/544/96-CWF 11/4/97	27,000/-	30-5-97
42	Jagrat Yuva Jyoti Club At : Kantamal, P.O. Utkela, Distt. Kalahandi – 7866 011, Orissa	O-11011/865/97-CWF 1/2/1999	40,500/-	16-3-99
43	Association for Social Wel. & Humanitarian Approach Adimata Colony, Post-Mancheswar Rly. Colony, Bhubaneshwar-751 017 , Orissa.	O-11011/463/99-CWF 25/7/2000	27,000	18-9-2000

UC outstanding for the year 2005-06

## HARYANA

44	Confederation of Indian Industry (CII), (NR), No 249-Fsec-18, Udyog Vihar, Phase IV, Gurgaon, Haryana - 122015	O-11011/46/2005-CWF	7,00,000	6.10.05
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## TAMILNADU

45	Citizen and Consumer Civic Action Group, (CAG), No 8, 4 <sup>th</sup> Street, Ventateshwara Nagar, Adyar, Chennai	01/305/2003-CWF-II	4,72,000	6.10.05
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**Comments of the Committee**  
(Please see Para No. 1.35 of Chapter-I of the Report)

**Recommendation (Sl.No.26, Para No. 4.25)**

4.17 The Committee further note that 'Consumer Clubs' is one of the schemes operated under Consumer Welfare Fund (CWF). Under the aforesaid scheme, a consumer club is to be set up in middle, higher and higher-secondary school/college affiliated to a Government Recognized Board and a grant of Rs.10,000 per Consumer Club in the schools/colleges is admissible under this scheme. The Committee note that Consumer Clubs could be set up only in the States of Andhra Pradesh, Tripura, West Bengal, Maharashtra and NCT of Delhi. The Committee note that for effective Consumer Movement in the country, children need to be involved and Consumer Clubs are the best way for instilling in children the spirit of protection of consumer rights. The Committee would, therefore, like the Department to pursue further with the remaining States/UTs to ensure that Consumer Clubs are set up in each of the schools/colleges.

**Reply of Government**

4.18 The list of States that have availed funds under the scheme and set up consumer clubs are given at Annexure-B. The detailed list has also been posted on the web site.

**ANNEXURE-B**

List showing the number of consumer clubs sanctioned/set up by the State Govt./UTs.

S.No.	State (No. of distt.)	No. of schools
1	Andhra Pradesh(23)	977
2	Chhattisgarh(16)	250
3	Gujarat(25)	250
4	Haryana(19)	135
5	Karnataka(27)	650
6	Maharashtra(35)	500
7	Orissa(30)	500
8	Punjab(17)	250
9	Rajasthan(32)	1000
10	TamilNadu(29)	1000
11	Uttaranchal(13)	100
12	West Bengal(18)	400
13	Himachal Pradesh(12)	36
14	Sikkim(4)	50
15	Mizoram(8)	100
16	Arunachal Pradesh(15)	32
17	Lakshadweep(1)	21

18	J&k	153
19	Tripura(4)	27
20	Puducherry(4)	50
21	Kerala(14)	100
	TOTAL	6581

[Ministry of Consumer Affairs, Food and Public Distribution  
(Department of Consumer Affairs)  
O.M. No. G11027/14/2007-P&C Dated 05.06.2008]

### **Comments of the Committee**

(Please see Para No. 1.38 of Chapter-I of the Report)

### **Recommendation (Sl.No.27, Para No.4.26)**

4.19 The Committee note that Central Consumer Protection Councils were set up at Centre and State levels to promote and protect the rights of the Consumers. Consumer Protection Act mandates the States to establish District Consumer Redressal Councils at the District Level to strengthen consumer movement at the grass-root level. The Committee note that the performance of Central, State and District Consumer Protection Councils (DCPCs) is far from satisfactory. The Committee feel that these agencies need to be made more accountable, responsible and effective so as to ensure justice at the doorsteps of consumers. The Committee note that these Councils have been entrusted with the responsibility of raising issues concerning welfare of consumers and also give recommendations to this effect. The Committee note with concern that the sittings of Consumer Protection Councils are not held regularly. At times, meetings are not held at all. The Committee feel that there is a need to place a mechanism by which sitting of the Council be convened, if 2/3rd Members of the Council so desire. The Committee also feel that though the recommendations of the Councils are not binding on the Government still, due consideration needs to be given to the recommendations of these Councils. The Committee note that District Consumer Protection Councils are headed by District Magistrates who are unable to devote much time due to their preoccupation in other pressing matters. As such, District Magistrates are not able to do justice to these bodies. The Committee desire that Government should find ways and means and ensure that officials, who can devote time and energy, head these bodies and able to do justice to the work assigned.

### **Reply of Government**

4.20 The observations of the Committee have been noted and conveyed to the State Governments/UT Administrations for remedial action *vide* this Department's D.O. letter No. 5(4)/2007- CPU dated 06.11.2007 from Secretary, Consumer Affairs to Chief Secretaries of all States/UTs.

It may be further stated here that as per section 8A of the Consumer Protection Act, 1986, the District Consumer Protection Council would be chaired by the Collector of the District (by whatever name called). This provision has been made since the Collector being the head of the District Administration is the highest official in the District & has the powers to take all necessary steps to ensure welfare of consumers.

[Ministry of Consumer Affairs, Food and Public Distribution  
(Department of Consumer Affairs)  
O.M. No. G11027/14/2007-P&C Dated 05.06.2008]

**Comments of the Committee**

(Please see Para No. 1.41 of Chapter-I of the Report)

**Recommendation (Sl.No.35, Para No.8.6)**

4.21 The Committee further note that the working of the Cell is being reviewed by the Government from time to time. In this regard, the Committee would like to be informed about the mechanism of getting feedback from consumers to know about the satisfaction level of the consumers.

**Reply of Government**

4.22 The CGRC and CCC are trying to resolve the complaints of the consumers to their satisfaction with mutual understanding of both the parties as CGRC and CCC (CORE Center) have no statutory powers. There is no formal mechanism of getting feedback from satisfied consumers.

[Ministry of Consumer Affairs, Food and Public Distribution  
(Department of Consumer Affairs)  
O.M. No. G11027/14/2007-P&C Dated 05.06.2008]

**Comments of the Committee**

(Please see Para No. 1.47 of Chapter-I of the Report)

**Recommendation (Sl.No. 44, Para No. 10.17)**

4.23 The Committee note that services rendered on consideration are included within the purview of the present Consumer Protection Act. In the opinion of the Committee, one of the major problem areas has been deficiencies on the part of Municipalities in providing services which are mandatory in nature. These services include health, medical service, garbage disposal, drinking water, drainage, etc. The Committee have been informed that one of the Working Groups set up in connection with protection of consumer interest had recommended to bring all mandatory Municipal services within the ambit of this Act. However, the proposal, after due consideration and consultation, was finally deferred as the service providers from State Governments as well as many

Central Ministries/Departments expressed their inability to provide expected standards due to various resources and capacity constraints. The Committee are pained to note that the Government preferred administration and financial constraints over the interests of consumers and deferred the proposal, on the pretext that this is not the appropriate stage for such a provision. The Committee feel that the reasons stated above for deferring the proposal are merely delaying tactics on the part of both Central and State Governments who are shirking their responsibility towards citizens and consumers and denying them a right to good living. The Committee, therefore, recommend that the recommendation of the Working Group to include all mandatory Municipal services within the ambit of this Act be implemented in letter and spirit so as to ensure best services to the consumers.

### **Reply of Government**

4.24 Due to the fact that majority of the Ministries/Departments, States/UTs are not supporting it also because of administrative & financial implications involved, it has been decided to defer the proposal to amend the Act to include mandatory services such as Municipal services etc. under the definition of 'service' in the Act. As the responses have been overwhelmingly against inclusion of this proposal, it may not be appropriate to revisit the proposal at this stage.

[Ministry of Consumer Affairs, Food and Public Distribution  
(Department of Consumer Affairs)  
O.M. No. G11027/14/2007-P&C Dated 05.06.2008]

### **Comments of the Committee**

(Please see Para No. 1.50 of Chapter-I of the Report)

## **CHAPTER-V**

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

#### **Recommendation (Sl.No.5, Para No. 2.7)**

5.1 The Committee note that the Consumer Protection Act, 1986 seeks to protect the rights of consumers by rendering quick and inexpensive redressal of the grievances of the consumers by establishing 'Alternate Justice Delivery System'. The Committee further note that in a span of two decades since the enforcement of the provisions of the aforesaid Act, it has undergone amendments thrice and a Working Group has been constituted to propose further amendments. The Committee while examining Demands for Grants 2007-08 have been informed that the draft amendment proposals have been prepared based on the recommendations of the Working Group. The Committee would like that the amendments should be finalized expeditiously and the draft legislation be introduced in Parliament. Besides, the Committee urge that while bringing the amendments, the various observations/suggestions made in the report should also be considered.

#### **Reply of Government**

5.2 Based on the working Group Report & the comments received from various stake holders, such as State Governments, Central Departments/Ministries, National Commission, etc., the proposals for further amendments to the Consumer Protection Act are being finalized in consultation with the Ministry of Law & Justice.

[Ministry of Consumer Affairs, Food and Public Distribution  
(Department of Consumer Affairs)  
O.M. No. G11027/14/2007-P&C Dated 05.06.2008]

#### **Recommendation (Sl.No.30, Para No. 5.3)**

5.3 The Committee note that a National Action Plan which proposes to educate more than 100 crore of people of various categories on various subject matters of consumer interest has been prepared by the Department. Besides, a media Plan has also been prepared in consultation with the DAVP. The State Governments have also been asked to evolve their own State Action Plans to strengthen the consumer movement in the country. The Committee emphasize on the implementation of the targets fixed under the National Plan. Besides, State Governments may also be pursued further for the finalisation of State Plans expeditiously.

## **REPLY OF GOVERNMENT**

5.4 The observations of the Committee will be kept in mind while interacting with State /UTs. Further the entire media plan is being materialized through an empowered Committee headed by Secretary (CA) and a multi media committee having representation from the Ministry of Information and Broadcasting, Voluntary Consumer organisations/ professional agencies will be entrusted with the task of carrying a detailed concurrent evaluation of implementation of Consumer awareness scheme under National Action Plan. State Governments/UTs have been asked to prepare detailed plan in respect of consumer awareness schemes and funding could be provided from Grant-in-aid to States after examination of such proposals.

[Ministry of Consumer Affairs, Food and Public Distribution  
(Department of Consumer Affairs)  
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### **Recommendation (Sl.No.38, Para No. 9.8 )**

5.5 The Committee are concerned to note that only few items are covered in mandatory certification by BIS. Further, BIS has published 9540 number of product specifications which specify the requirements of specific products taking into account the concerns of all stakeholders like consumers, manufacturers, research organizations, regulatory bodies, etc. which are part of the technical Committee deciding on such specifications. The Committee note that factors such as Consumer Health, Safety, Security, Environment, Infrastructure, Protection of local population against spurious foreign made goods and items of mass consumption are taken into consideration while deciding whether to include a product under mandatory certification or otherwise. The Committee have further been informed that as against 9540 product certifications, only 110 have been covered and 71 more items are proposed to be covered under mandatory certification. The Committee are not satisfied with the pace with which the items are classified under mandatory certification. The Committee desire that more items should be brought under mandatory certification especially in regard to consumer health, safety, security and items of mass consumption. The Committee would like to be apprised of the action taken by the Government in this regard.

### **Reply of Government**

5.6 It may be stated here that an Inter Ministerial Task Force has been constituted by the Govt. of India under the Chairpersonship of Additional Secretary, Department of Consumer Affairs in the Ministry of Consumer Affairs, Food & Public Distribution to look into the various aspects of mandatory certification. Simultaneously, the BIS Act is also being reviewed with a view to overcoming certain existing inadequacies. So as to facilitate bringing more products under mandatory certification.

Further, the list of products under mandatory certification is also being reviewed. Presently, there are 68 products under mandatory BIS certification.

Consultations are being held with other concerned Ministries/Departments regarding precedents to be under mandatory certification.

[Ministry of Consumer Affairs, Food and Public Distribution  
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### **Recommendation (Sl.No.40, Para No. 10.13 )**

5.7 The Committee find that as the law stands today, a prospective investor *i.e.* applicants for shares, etc. is not covered within the definition of consumer as provided for in the Consumer Protection Act, 1986. However, after the transactions are over and the shares etc. are allotted in the name of investor, one becomes a consumer. Thereafter such person can move the Consumer Forum with regard to any dispute/grievance. It has further been brought to the notice of the Committee that this was the recommendation of one of the Working Groups and a proposal to bring persons such as prospective investor within the definition of consumer is under consideration of the Government. The Committee are of the view that cases are not rare where a prospective investor has been cheated and there has not been any effective mechanism to redress his grievances. The Committee hope that in the interest of the consumers at large, the Government would make efforts to bring such people within the definition of consumer without any further loss of time.

### **Reply of Government**

5.8 There is a proposal to amend the Consumer Protection Act, 1986 to include prospective investor of shares in the definition of 'consumer' to bringing them under the purview of the Act. The proposal is being finalized in consultation with the Ministry of Law & Justice.

[Ministry of Consumer Affairs, Food and Public Distribution  
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### **Recommendation (Sl.No.42, Para No. 10.15)**

5.9 It has been brought to the notice of the Committee that in many instances, the seller or service provider either refuses or do not issue bills, cash memo, receipt etc. to the consumer on purchase. As a result, no actionable claim can be filed under Consumer Protection Act. The Committee have been informed that the refusal or failure to issue bills/cash memo/receipt etc. is proposed to be covered as one of the unfair trade practices under the Consumer Protection Act. The Committee desire that the Act be amended to take care of above infirmities.



### **Reply of Government**

5.10 There is a proposal to amend the Consumer Protection Act, 1986 to include refusal to issue Bill or cash memo as a form of unfair trade practice. The proposal is being finalized in consultation with the Ministry of Law & Justice.

[Ministry of Consumer Affairs, Food and Public Distribution  
(Department of Consumer Affairs)  
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### **Recommendation (Sl.No.43, Para No. 10.16 )**

5.11 The Committee find that manufacturers and traders resort to different types of schemes to promote sale of their products. Sometimes there is compromise on the quality of the products to compensate the cost of providing attractive schemes. The consumers are thus cheated, as they do not get the value of the money spent to purchase the product. The Committee find that at present there is no regulating mechanism in this regard. The Committee note that the Department propose to amend Section 2(1)(r)(3) of the Consumer Protection Act to effectively protect the interests of consumers from such practices of trade and industry. The Committee would like to emphasize to finalize the aforesaid proposal expeditiously so as to protect the interests of consumers.

### **Reply of Government**

5.12 There is a proposal to amend the provision of Section 2(1) (r) (3) of the Consumer Protection Act, as observed by the Committee, which among other things are being finalized in consultation with the Ministry of Law & Justice.

[Ministry of Consumer Affairs, Food and Public Distribution  
(Department of Consumer Affairs)  
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### **Recommendation (Sl.No.46, Para No. 10.19 )**

5.13 In the era of e-transaction, there has been aggressive marketing and sale of products and services by internet, e-mail, telephonically and other means of transactions. In these cases, the consumer does not have any opportunity of examining the products or services prior to the purchase. Fleecing or looting of consumers cannot be ruled out in such transactions. At times, no opportunity or time limit is provided to a consumer within which he may withdraw goods or services and get the refund of money already paid. The Committee feel that there is a need to provide an opportunity to a consumer to return the product or seek withdrawal of service and get back the money paid without having to file complaint in the Consumer Fora. The Committee have been informed that Government propose to provide a suitable provision in the Consumer Protection

Act, 1986 to tackle such kinds of transactions. The Committee desire that the Act be amended to take care of these eventualities.

### **Reply of Government**

5.14 There is a proposal to amend the Consumer Protection Act 1986 to include a provision allowing consumers to return the goods purchased or discontinue the service availed within a fixed time period and get refund of the amount paid in consideration thereof, if the consumer is not satisfied with the goods purchased or service rendered. The proposal is being finalized in consultation with the Ministry of Law & Justice.

[Ministry of Consumer Affairs, Food and Public Distribution  
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### **Recommendation (Sl.No.48, Para No. 10.21)**

5.15 The Committee have observed that at times the consumers do not have any choice but to accept unilateral one-sided terms of contract while purchasing gadgets like Washing Machine, Fax, Telephone instrument, Fridge etc. These unilateral provisions also generally disclaim and deny any responsibility for serious defects, deficiencies and delays. Similarly, certain manufacturers and service providers also restrict their liability to a shorter period of time even though the durable life of the goods sold or the service performed are designed for a much longer time. The Committee note that all these instances, undoubtedly point towards exploitation of consumers and there is hardly any redressal mechanism available under Consumer Protection Laws. The Committee have been informed that as per a recent ruling of the Supreme Court, any contract or any condition of contract between two parties of unequal bargaining capacities, if they are one sided, unilateral or unfair to the weaker party, such contracts or conditions of contracts are unconstitutional, illegal and unenforceable. The Committee have been further informed that there is a proposal to cover all these unfair terms of contract as per the law laid down by the Apex Court, in the form of unfair trade practices in the definition itself. The Committee hope and trust that the Government would review the definition of unfair trade practices in the light of the above and the Consumer Protection Act, 1986 amended suitably.

### **Reply of Government**

5.16 There is a proposal to amend the Consumer Protection Act, 1986 to include one sided contracts as a form of unfair trade practice within the purview of the Act. The proposal is being finalized in consultation with the Ministry of Law & Justice.

[Ministry of Consumer Affairs, Food and Public Distribution  
(Department of Consumer Affairs)  
O.M. No. G11027/14/2007-P&C Dated 05.06.2008]

### **Recommendation (Sl.No.49, Para No.10.22 )**

5.17 It has been brought to the notice of the Committee that certain telemarketing companies, credit cards, insurance, banks and financial institutions, mobile companies etc. share the personal data profile of a consumer without one's knowledge and at times on consideration to other agencies. As the unsolicited telephone calls invade the privacy of an individual, a demand has been raised from many quarters to include the disclosure of information given in confidence by a consumer as deficiencies in service. Taking into consideration the inconvenience caused to a consumer, the Government is considering a proposal to explicitly cover such practices as a form of deficiency in service. The Committee recommend that the Consumer Protection Act be amended in the light of above.

### **Reply of Government**

5.18 There is a proposal to amend the Consumer Protection Act, 1986 to include Right to Privacy as one of the consumer rights enshrined under the Act. The proposal would make disclosure of information, given in confidence by the consumer, as a violation of the right of the consumer, which would also amount to deficiency in the service rendered/unfair trade practice adopted by such service provider and therefore liable for compensation to the affected party. The proposal is being finalized in consultation with the Ministry of Law & Justice.

[Ministry of Consumer Affairs, Food and Public Distribution  
(Department of Consumer Affairs)  
O.M. No. G11027/14/2007-P&C Dated 05.06.2008]

### **Recommendation (Sl.No.50, Para No. 10.23)**

5.19 The Committee note that Government propose to set up a Authority on the lines of USA's Consumer Product Safety Commission in order to protect the interests of consumers from various problems including the menace of counterfeit, fake, spurious and contraband products. The Committee hope and trust that such an independent authority would be set up at the earliest in the interest of the consumers.

### **Reply of Government**

5.20 There is a proposal to set up an authority to be known as National Consumer Protection Authority (NCPA). The authority is likely to, *inter-alia*, deal with consumer product safety, fake/spurious goods, etc. The proposal is being

finalized in consultation with the Ministry of Law & Justice and other concerned Ministries.

[Ministry of Consumer Affairs, Food and Public Distribution  
(Department of Consumer Affairs)  
O.M. No. G11027/14/2007-P&C Dated 05.06.2008]

NEW DELHI;  
26 September, 2008  
4, Asvina, 1930 (Saka)

DEVENDRA PRASAD YADAV  
*Chairman,*  
*Standing Committee on Food,*  
*Consumer Affairs and Public Distribution.*

## APPENDIX-I

### MINUTES OF THE SECOND SITTING OF THE STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION (2008-2009) HELD ON WEDNESDAY, 27<sup>TH</sup> AUGUST, 2008.

The Committee sat from 1030 hours to 1110 hours in Committee  
Room 'C', Parliament House Annexe, New Delhi.

#### PRESENT

Shri Devendra Prasad Yadav - *Chairman*

#### MEMBERS

Lok Sabha

2. Shri Suresh Angadi
3. Shri Alakesh Das
4. Shri Abdul Mannan Hossain
5. Shri Avinash Rai Khanna
6. Shri Parsuram Majhi
7. Shri Sadashivrao Dadoba Mandlik
8. Shri Harikewal Prasad
9. Shri Munshi Ram
10. Shri Fransisco Cosme Sardinha
11. Shri Ghuran Ram
12. Shri Daroga Prasad Saroj
13. Shri Chandrabhan Singh
14. Smt. Meena Singh

Rajya Sabha

15. Shri T.S.Bajwa
16. Shri Shantaram Laxman Naik
17. Shri Rajniti Prasad
18. Shri Matilal Sarkar
19. Shri Ram Narayan Sahu

#### SECRETARIAT

- |    |                     |   |                      |
|----|---------------------|---|----------------------|
| 1. | Shri P.K. Misra     | - | Joint Secretary      |
| 2. | Smt. Veena Sharma   | - | Director             |
| 3. | Shri B.S.Dahiya     | - | Deputy Secretary - I |
| 4. | Shri Jagdish Prasad | - | Deputy Secretary- II |

Cont/-....

2. At the outset, Hon'ble Chairman welcomed the Members to the sitting of the Committee and apprised them of the agenda of the sitting.
3. The Committee then took up for consideration the draft Action Taken Report on Action Taken by the Government on the observations/recommendations contained in the Twentieth Report of the Committee on 'Consumer Movement in the Country' relating to the Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs) and adopted the same with slight modifications.
4. The Committee authorized the Chairman to finalize the aforesaid report and present the same to the House in the ensuing session.
5. The Committee decided to hold the next sitting on 4<sup>th</sup> September, 2008.
6. The committee also decided to undertake a study visit to Chandigarh, Simla and Manali in the last week of September, 2008.

*The Committee then adjourned.*

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## APPENDIX II

(Vide Introduction of the Report)

### ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE TWENTIETH REPORT OF THE COMMITTEE ON FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION (FOURTEENTH LOK SABHA)

(i)	Total Number of Recommendations	50
(ii)	Recommendations/Observations, which have been accepted by the Government: Serial Nos. – 1, 2, 3, 6, 8, 9, 10, 11, 13, 15, 16, 17, 18, 21, 28, 31, 32, 33, 34, 36, 37 and 45	
	Total	22
	Percentage	44
(iii)	Recommendations/ Observations which the Committee do not desire to pursue in view of the replies received from the Government:  Serial Nos. – 20, 22, 29, 39, 41 and 47	
	Total	6
	Percentage	12
(iv)	Recommendations/ Observations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration:  Serial Nos. – 4, 7, 12, 14, 19, 23, 24, 25, 26, 27, 35 and 44	
	Total	12
	Percentage	24
(v)	Recommendations in respect of which the final replies of the Government are still awaited:  Serial Nos. – 5, 30, 38, 40, 42, 43, 46, 48, 49 and 50.	
	Total	10
	Percentage	20