

14

**STANDING COMMITTEE ON FOOD,
CONSUMER AFFAIRS AND
PUBLIC DISTRIBUTION
(2010-2011)**

FIFTEENTH LOK SABHA

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

**{Action Taken by the Government on the recommendations/observations contained
in the Fifth Report of the Committee on Demands for Grants (2010-2011) of the
Ministry of Consumer Affairs, Food and Public Distribution
(Department of Consumer Affairs)}**

FOURTEENTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

July, 2011 / Asadha, 1933 (Saka)

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Ministry of Consumer Affairs, Food and Public Distribution
(Department of Consumer Affairs.)}**

Presented to Lok Sabha on 24.08.2011

Laid in Rajya Sabha on 24.08.2011



**LOK SABHA SECRETARIAT
NEW DELHI**
July, 2011 / Asadha, 1933 (Saka)

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**COMPOSITION OF THE STANDING COMMITTEE ON FOOD, CONSUMER
AFFAIRS AND PUBLIC DISTRIBUTION – 2010-11**

Shri Vilas Muttemwar - *Chairman*

MEMBERS

Lok Sabha

2. Smt. Harsimrat Kaur Badal
3. Shri Kamlesh Balmiki
4. Shri Tarachand Bhagora
5. Shri Shivraj Bhैया
6. Shri Arvind Kumar Chaudhary
7. Shri Sanjay Singh Chauhan
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11. Shri Mohinder Singh Kaypee
12. Shri Marotrao Sainuji Kowase
13. Shri Sukhdev Singh Libra
14. Shri Sohan Potai
15. Shri Purnmasi Ram
16. Shri Dinubhai Solanki
17. Shri Laxman Tudu
18. Shri Danapal Venugopal
19. Shri Adagooru H. Vishwanath
20. Shri Madhusudan Yadav
21. Shri Ramakant Yadav

Rajya Sabha

22. Smt. T. Ratna Bai
23. Shri P. Kannan
24. Shri Lalhming Liana
25. Shri Shantaram Laxman Naik
26. Shri Kanjibhai Patel
27. Shri Rajniti Prasad
28. Shri Sanjay Raut
29. Dr. T.N. Seema
30. Shri Veer Singh
31. Shri Kaptan Singh Solanki

SECRETARIAT

- | | | |
|----------------------|---|-----------------|
| 1. Shri P. K. Misra | - | Joint Secretary |
| 2. Smt. Veena Sharma | - | Director |
| 3. Shir Khakhai Zou | - | Under Secretary |

INTRODUCTION

I, The Chairman of the Standing Committee on Food, Consumer Affairs and Public Distribution (2010-2011) having been authorized by the Committee to submit the Report on their behalf, present this Fourteenth Report on Action Taken by the Government on the recommendations/observations contained in the Fifth Report of the Committee (Fifteenth Lok Sabha) on Demands for Grants (2010-2011) of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs).

2. The Fifth Report was presented to Lok Sabha and laid in Rajya Sabha on 23rd April, 2010. The Government have furnished their replies indicating Action Taken on the recommendations contained in the Report on 22nd July, 2010. The draft Report was considered and adopted by the Committee at their sitting held on 4th July, 2011.

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

NEW DELHI
04 July, 2011
13 Asadha, 1933 (Saka)

VILAS MUTTEMWAR,
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 Fifth Report (15th Lok Sabha) on “Demands for Grants (2010-2011)” pertaining to the Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs).

1.2 The Fifth Report was presented to Lok Sabha and laid on the Table of Rajya Sabha on 23 April, 2010. It contained 20 observations/ recommendations. Action Taken Notes in respect of all the 20 observations/recommendations contained in the Report have been received and these have been categorized as follows:-

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

Serial Nos. - 2, 3, 3a, 4, 6, 9, 12, 14, 15, 18 and 19

(Paragraph Nos. – 2.16, 2.17, 3.10, 3.11, 3.17, 3.33, 5.18, 6.7, 6.8, 7.19, and 7.20)

(Chapter –II, Total 11)

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

Serial Nos. 5, 7, 10 and 13

(Paragraph Nos. - 3.12, 3.25, 3.40 and 5.19)

(Chapter –III, Total 4)

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

Serial Nos. 1, 8, and 16

(Paragraph Nos. – 2.15, 3.26, and 7.11)

(Chapter – IV, Total 3)

- (iv) Observations /recommendations in respect of which the interim replies of the Government have been received.

Serial No. 11 and 17

(Paragraph Nos. – 4.5, and 7.12)

(Chapter – V, Total 2)

1.3 The Committee desire that the replies in respect of the Observations/Recommendations contained in Chapter-I of this report, alongwith 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 this Report.

1.4 The Committee strongly emphasize that utmost importance should be given to the implementation of Observations/Recommendations accepted by the Government. In case where it is not possible for the Government to implement the recommendations in letter and spirit for any reason, the matter should be reported to the Committee in time with reasons for non-implementation.

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

A. Need to chalk out a Strategy to avoid delay in implementation of Schemes/ Programmes/Projects

Recommendation (Sl. No.1, Para No. 2.15)

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

“The Committee note that out of total outlay of Rs.209 crore each for Plan Schemes during 2008-09 and 2009-10, the Department could utilize Rs.142.33 crore against RE of Rs.160 crore and Rs.144.07 crore against RE of Rs.164 crore, respectively. The Committee feel that on the one hand, funds for Plan Schemes have not been utilized fully during the last two years and on the other, the Department considers funds allocated for 2010-11 as insufficient. The Committee, therefore, strongly recommend that the Department should take steps to get timely clearance of all the Plan schemes so that allocated funds could be utilized properly and the physical and financial targets set for various schemes in the financial year could be achieved. The Committee also desire that the Department should chalk out strategy well in advance for implementation of its schemes and make sincere efforts to complete all the procedural formalities to avoid delay in the implementation the schemes/programmes/projects.”

1.7 In their action taken reply the Ministry have stated as under:-

“The observations of the Committee have been noted and all efforts would be made for smooth implementation of the schemes/programmes/projects.”

1.8 In their original report, the Committee had strongly recommended that the Department should take steps to get timely clearance of all the plan schemes and also chalk out strategy well in advance for proper utilization of the allocated funds and to avoid delay in the implementation of their schemes. The Ministry in its action taken reply has merely stated that efforts will made for the smooth implementation of the schemes/programmes/projects. The Committee are not satisfied with such general and vague reply and feel that the Department should have spelt out the steps taken by them to avoid the delay in the implementation of the schemes due to procedural formalities. The Committee, therefore, reiterate their earlier recommendation and desire the Department to apprise the Committee about the detailed action taken in this regard.

B. Need for early introduction of the Bills to amend the Consumer Protection Act, 1986 and the BIS Act, 1986 in the Parliament.

Recommendation (Sl. No.3, Para No. 2.17)

1.9 The Committee in their original report had recommended as below:-

“The Committee note with concern that proposals for Amendment of Bills namely Consumer Protection Act, 1986, FC (R) Act, 1952, BIS Act, 1986 and National Trade Practices Regulation Authority Bill are under active consideration of the Department of Consumer Affairs but no time frame has been indicated for their introduction in Parliament. One of the most important Bills, viz. National Trade Practices Regulation Authority Bill proposes to deal with unfair trade practices which were otherwise not covered under the Consumer Protection Act. The Committee feel that there is an urgent need to expedite the early introduction of these Bills so as to give justice to the consumers at large. The Committee hope that the Department would take sincere efforts to expedite and finalize all the formalities linked with the introduction of these Bills.

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

“The Draft Bill to carry out amendment in the BIS Act, FC(R) Act and Consumer Protection Act has been finalized in consultation with Legislative Department, Ministry of Law & Justice. Approval of Government is being sought.

The National Trade Practices Regulation Authority Bill is under examination in consultation with the concerned Departments.”

1.11 The Committee in their earlier report had expressed concern over the delay in the introduction of Amendment Bills on important Acts namely Consumer Protection Act, 1986, FC(R) Act, 1952, and BIS Act, 1986. The Committee find that Forward Contracts (Regulation) Amendment Bill has already been introduced in the Parliament. The Draft Bills to carry out amendment in the BIS Act and Consumer Protection Act have been finalized in consultation with Legislative Department, Ministry of Law & Justice and approval of Government is being sought. The Committee would like the Department to make concerted efforts to obtain approval of the Government expeditiously so as to facilitate introduction of the remaining Bills in the Parliament at the earliest.

C. Need to fix time frame to fill up vacant posts of the Presidents and Members in the State Commissions and District Fora.

Recommendation (Sl. No.4, Para No. 3.11)

1.12 The Committee in their earlier report observed as follows:-

“The Committee observe that 4 vacancies of President and 18 vacancies of Members are still lying vacant in the State Commissions. Besides, 57 posts of President and 189 posts of Members are vacant in the District Fora of different States namely Andhra Pradesh, Arunachal Pradesh, Bihar, Chattisgarh, Haryana, Himachal Pradesh, Madhya Pradesh, Maharashtra, Tamil Nadu and Uttar Pradesh. The Committee are disappointed to note that although the Department has been calling for information regarding vacancies in the State Commissions from the States/UTs through Monthly and Quarterly Periodical Reports but it could not gather information relating to reasons for existence of vacancies. However, the Department has now made necessary modification in the periodical returns wherein the States/UTs are required to explain the ‘reasons’ for existence of vacancies and action taken to fill up the vacant posts. The Committee recommend that the Department should chalk out strategy to fill up the vacant posts of President and Members in a time bound manner, especially in District Foras.”

1.13 The Ministry in their action taken reply have stated as under:-

“As per provisions of Section 9(a) of the Consumer Protection Act, 1986, it is the responsibility of the concerned State Government to establish the District Fora in the State and also take action for filling up the vacant posts of Presidents & Members.

However, the States/UTs are also impressed upon by the Central Government from time to time to ensure that the posts in the Fora are not vacant and advance action initiated to ensure the functionality of Fora & consequential disposal of cases. This issue is also taken in meetings with Secretaries in-charge of Consumer Affairs in States/UTs organized by this Department as well as Conferences held by National Commission. The issue of advance as well as follow up action required to be taken for timely filling up of vacancies in the Consumer Fora was also discussed in the Conference of the National Commission held on 14th & 15th March, 2010 with Presidents of State Commissions & Secretaries in-charge of Consumer Affairs in States/UTs.

As a result of these concerted efforts, there is a decrease in the number of vacant posts, both in State Commissions & District Fora. As on 01.06.2010, there were only 2 vacancies of Presidents & 17 vacancies of Members in the State Commissions while in the District Fora, the vacancies have decreased to 48 vacancies of Presidents from 51 & to 175 vacancies of Members from 189.”

1.14 The Committee had recommended the Department to chalk out strategy to fill up the vacant posts of Presidents and Members in a time bound manner especially in the District Fora. The Ministry in its reply has stated that though filling up of vacant posts of Presidents and Members in the State Commissions and District Fora is the responsibility of the concerned State Government, yet the issue is being taken up in the meetings of the Department with the Secretaries in-charge of Consumer Affairs in States/UTs and discussed in the conferences held by the National Commission with Presidents of State Commissions. The Committee, however, are pained to observe that all these efforts have resulted only in marginal decrease in the number of vacant posts. The number of existing vacancies of the Members are 17 in case of the State Commissions and 48 of Presidents and 175 of Members in case of District Fora which is still considerably high. The Committee, therefore, desire that the Department should inquire into the reasons for the existence of these vacancies and take suitable action to address the problems by fixing a time frame for filling up of the vacant posts in the State Commissions and District Fora by the concerned state Governments.

D. Need for setting up Consumer Welfare Fund in all the States

Recommendation (Sl. No.8, Para No. 3.26)

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

“The Committee note that under the scheme ‘Consumer Welfare Fund’, financial assistance is provided to States/UTs in the form of seed money to promote and protect the welfare of consumers, generate consumer awareness and strengthening consumer movement in the country. Despite the fact that the ratio of amount of seed money has been increased to 50:50, 14 States have not yet set up Consumer Welfare Fund in their respective budget head and not availed of the benefits of Consumer Welfare Fund which reflects that these States are not serious towards the welfare of consumers. The Committee note that the Government has now decided to support the Central Share upto 75% to those States/UTs which are willing to establish a corpus of Rs. 10 crore in their States/UTs. The Committee hope that all these 14 States will create separate Corpus Fund in their respective States/UTs and would avail the 75% financial assistance from Central Government under the Consumer Welfare Fund. The Committee, therefore, recommend that the matter may be taken up with the States/UTs at the highest level to impress upon them the importance of creation of the State Consumer Welfare Fund in their respective State Budget, to protect the interest of the consumers.”

1.16 In their action taken reply the Ministry have stated that:-

“The Department has been taking up the matter of setting up the State Consumer Welfare Fund by writing letters/reminders at various levels. At the highest level, Secretary (CA) has also written D.O. letters to the Chief Secretaries of the States that have not opted for the scheme so far.”

1.17 The Committee in their original report had observed that despite the ratio of amount of seed money having been increased to 50:50, 14 States had not yet set up Consumer Welfare Fund in their respective budget head and not availed of the benefits of Consumer Welfare Fund from the Central Government which reflected their non serious attitude towards the welfare of consumers. As per the Action Taken Reply of the Department, the Committee note that the Department has been taking up the matter by writing letters/reminders at various levels including at the highest level by writing D.O. letters from the Secretary (CA) to the Chief Secretaries of the States. However, in the reply, there is no indication as to whether or not any of these 14 States have created Consumer Welfare Fund in their budget heads in pursuance of the efforts made by the Department. The Committee, therefore, reiterate their earlier recommendation and desire that the remaining States/UTs be impressed upon to take necessary steps to create State Consumer Welfare Funds in their respective Budgets and avail of the financial assistance from the Central Consumer Welfare Fund so as to promote and protect the welfare of the consumers.

E. Need for creating consumer awareness through continuous publicity campaign.

Recommendation (Sl. No.9, Para No. 3.33)

1.18 The Committee had recommended as below:-

“The Committee note that out of Rs. 409 crore allocated for creating awareness amongst consumers for the XI Five Year Plan (2007-12) the Department spent Rs. 211.17 crore in the first three years of plan period. The Committee also note that apart from the TV and print media, the Department follows other medium such as radio, cinema and also outdoor activities with innovative use of Railway Stations, Post Offices, Railway Tickets, Utility Bills, and Meghdoot Post Cards as communication channels to intensify the consumer awareness campaign. In respect of rural areas, media strategies goes to the extent of creating awareness through hoardings, kiosks, wall paintings, bus panels, village boards, Railway branding etc. The Committee fail to understand as to why the very idea of launching Publicity Campaign through advertisement cannot be explored on the pattern of Pulse Polio Campaign and Anti Tobacco Campaign as all these activities are to be carried out by the outdoor publicity units of DAVP through their empanelled agencies. The Committee further note that Media Planning for the publicity campaign has been entrusted to DAVP which ensures representation of the regional TV channels that are empanelled with DAVP for telecast of spots in the regional languages. The Committee, therefore, desire that the Department should explore the feasibility of launching Publicity Campaign through advertisement on the pattern of Pulse Polio Campaign and Anti Tobacco Campaign as a continuous process and intimate the Committee about the action taken in this regard within three months. The Committee also recommend that the Department should chalk out its schedule for the Consumer Awareness Programme in the beginning of the financial year.”

1.19 The Ministry in their action taken reply have stated as under:-

“The observations of the Committee have been noted. The matter has been taken up with DAVP to suggest a suitable line of action for implementing the suggestions/observations of the Committee.

As regards chalking out the schedule of consumer awareness programme at the beginning of financial year is concerned, the Department is already following this course of action. The Empowered Committee of the Department headed by Secretary(CA) chalks out the Annual Plan for publicity in the month of March itself for the ensuing financial year. This is followed up by drawing up detailed quarterly plans.”

1.20 The Committee in their earlier report had desired that the Department should explore the feasibility of launching Publicity Campaign for creating awareness through advertisement on the pattern of Pulse Polio Campaign and Anti Tobacco Campaign as a continuous process and intimate the Committee about the action taken in this regard. The Ministry in its Action Taken Reply has informed that the matter has been taken up with DAVP to suggest a suitable line of action for implementing the suggestions/observations of the Committee. However, the Department has neither mentioned as to what follow up action has been taken by them nor informed as to whether or not the DAVP has furnished their suggestions regarding the line of action to be followed for creating consumer awareness. The Committee, therefore, urge the Department to take up the matter with DAVP to obtain their suggestions and take suitable action in coordination with DAVP to create consumer awareness among the masses.

F. Need to provide necessary assistance to NABCONS to study and ascertain the benefits of Future trading to small/marginal farmers.

Recommendation (Sl. No.15, Para No. 6.8)

1.21 In their original report the Committee had recommended as under:-

“The Committee note that the Government has awarded the work to conduct study to ascertain the percentage of small and marginal farmers benefitted from futures/forward trading in the States of Punjab, Gujarat, Karnataka, Maharashtra, Kerala and Andhra Pradesh to an independent agency viz. M/s NABARD Consultancy Services (NABCONS). The Committee recommend that FMC should provide all the required assistance to the agency and complete the necessary formalities required for evaluation. The Government should keep a close watch on the functioning of the NABCONS so that the study is completed and report is submitted within the stipulated time frame i.e. by the end of June, 2010.”

1.22 The Ministry in their action taken reply have stated as below:-

“The study to ascertain the percentage of small and marginal farmers benefited from futures/forward trading was awarded to NABCONS on 15th March 2010 with a condition that they should complete certain formalities, such as signing of Letter of Agreement, Terms of Reference, issue of bank guarantee equal to 50% of the advance payment and performance guarantee before commencement of studies. NABCONS could not complete the formalities within the short time available before the end of the financial year 2009-10, which necessitated issuance of fresh sanction by the Department of Consumer Affairs which was issued on 27th April 2010. Subsequently, all the formalities were completed within 15 days and the study commenced by the 13th May 2010. The NABCONS have already completed the proposed preparatory work and prepared a questionnaire for the study. The study is expected to be completed by the middle of August 2010. NABCONS is being extended all necessary assistance to ensure that the study is completed within the stipulated 3 months time. The Government and FMC are closely monitoring the progress of the study.”

1.23 The Committee in their original report had recommended that FMC should provide all the required assistance to M/s NABARD Consultancy Services (NABCONS) in conducting the study to ascertain the percentage of small and marginal farmers benefitted from futures/forward trading in the States of Punjab, Gujarat, Karnataka, Maharashtra, Kerala and Andhra Pradesh. The Committee also desired that the Government should closely watch the functioning of the NABCONS so that the study was completed within the stipulated time frame. The Ministry in its Action Taken Reply stated that as NABCONS could not complete the formalities within the short time available before the end of the financial year, it has been issued fresh sanction for the study which was expected to be completed by the middle of August 2010. The Committee, therefore, desire that the Department should furnish the details of the findings of the NABCONS and the follow up action taken by the Department thereon.

G. Need for supplying essential commodities at subsidized rates by all State Governments.

Recommendation (Sl. No.16, Para No. 7.11)

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

“The Committee observe that the main reasons for rise in prices of essential commodities especially pulses, rice, sugar, tea during the last year were (i) shortfall in domestic supply relative to demand; (ii) increase in MSP and bonus; (iii) hardening of international prices; (iv) changes in consumption pattern; (v) adverse weather and climate change. Increase in prices of onion and potato was due to seasonal factor and loss of crop due to flood. Consequent upon the fiscal and administrative measures taken by the Government to contain the prices of essential commodities, there was some sign of reduction in prices of these commodities in open market but still the prices are very high and beyond the purchasing power of poor persons. The Committee are of the opinion that the State Governments have an important role in checking the rise in prices of essential commodities through a set of administrative and regulatory measures which is corroborated with facts that the State Governments of Maharashtra and Goa made available potato and onion to the consumers at lower than market prices by bearing the cost of subsidy. The Government of Delhi has also been supplying pulses and atta at lower rates through various outlets. The Committee are of the opinion that if all the State Governments/UTs follow the concept of Maharashtra, Goa and Delhi, the prices of the commodities will certainly come down. The Committee, therefore, recommend that the Government should persuade all the States/UTs to emulate the pattern of Government of Maharashtra, Goa and Delhi to supply the essential commodities like pulses, onion and potato at subsidized rates.”

1.25 The Ministry in their reply have stated as under:-

“The recommendations of the Standing Committee have been brought to the notice of the State Governments. They have advised to constitute similar steps to check price rise and give competition to the private trade.”

1.26 The Committee, in their original report had recommended that the Government should persuade all the States/UTs to emulate the pattern of the Government of Maharashtra, Goa and Delhi to supply the essential commodities like pulses, onion and potato at subsidized rates to bring down their prices. The Ministry in its Action Taken Reply has stated that the recommendations of the Standing Committee have been brought to the notice of the State Governments. The Committee are not satisfied with the sketchy reply given by the Ministry as it failed to indicate any steps taken to persuade the State Governments/UTs Administration to supply essential commodities to the people at subsidizes rates. The Committee, therefore, urge the Department to impress upon all the States/UTs to take similar steps as taken by the State Government of Maharashtra, Goa and Delhi in supplying essential commodities to the consumers at rates lower than the market rates, so as to check the rise in prices. The Committee would like to be apprised of the specific initiatives and follow up action taken by the Ministry in this regard.

CHAPTER II

OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Sl. No.2, Para No. 2.16)

2.1 The Committee observe that the Department is facing difficulties in the implementation of various schemes, namely non receipt of utilization certificates from the State Governments in respect of plan funds, non-availability of land in various States required for implementation of projects/schemes, non receipt of consent from various States regarding setting up of Consumer Helpline, delay on the part of CPWD for construction of building, non-finalization of specifications of equipments by DGS&D and non-utilization of funds by DAVP which is affecting performance of the Department in general. The Committee would, therefore, recommend that the Department should take up the matter at the highest level to impress upon the State Governments/UTs to furnish utilization certificates of funds allocated to them and send their consent or proposals regarding setting up of Consumer Helpline in time. Regarding availability of land required for implementation of projects/schemes, the Department should look for other alternatives like sharing office in office buildings of other Departments. The Department should also issue strict guidelines to CPWD, DGS&D and DAVP to avoid delay in completion of the projects.

Reply of the Government

2.2 As recommended by the Committee the matter has been taken up with the State Governments/ CPWD/DGS&D/DAVP.

So far as the State Consumer Help line is concerned funds are provided to States/UTs for establishing State Consumer Help lines. State Consumer Help line is sanctioned on the basis of the Undertaking from the States/UTs. That they will run the project after 5 years from their own resources. So far, 19 States/UTs have availed the benefit of the Scheme. Rests of the States/UTs have not so far sent their undertaking for establishing the State Consumer Help line in their States. All these States have been reminded from senior level several times and department is still making effort to pursue these States for sending Undertaking at the earliest so that State Consumer Help line may be established in the remaining State at the earliest. The last reminder was sent from Secretary (CA) to the concerned Chief Secretaries on 12th July, 2010. A DO letter from Secretary (CA) to Secretary, Ministry of Urban Development has also being written on 14th July, 2010 with a request to instruct the CPWD to utilize the funds fully during the financial year. DAVP and State Governments have also been requested to avoid delay in completion of the project.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Consumer Affairs) H-11012/8/2010-P&C
Dated 22.07.2010]

Recommendation (Sl. No.3, Para No. 2.17)

2.3 The Committee note with concern that proposals for Amendment of Bills namely Consumer Protection Act, 1986, FC (R) Act, 1952, BIS Act, 1986 and National Trade Practices Regulation Authority Bill are under active consideration of the Department of Consumer Affairs but no time frame has been indicated for their introduction in Parliament. One of the most important Bills, viz. National Trade Practices Regulation Authority Bill proposes to deal with unfair trade practices which were otherwise not covered under the Consumer Protection Act. The Committee feel that there is an urgent need to expedite the early introduction of these Bills so as to give justice to the consumers at large. The Committee hope that the Department would take sincere efforts to expedite and finalize all the formalities linked with the introduction of these Bills.

Reply of the Government

2.4 The Draft Bill to carry out amendment in the BIS Act, FC(R) Act and Consumer Protection Act has been finalized in consultation with Legislative Department, Ministry of Law & Justice. Approval of Government is being sought.

The National Trade Practices Regulation Authority Bill is under examination in consultation with the concerned Departments.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Consumer Affairs) H-11012/8/2010-P&C
Dated 22.07.2010]

Comments of the Committee

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

Recommendation (Sl. No.3a, Para No. 3.10)

2.5 The Committee note that percentage of disposal of cases by National Commission, State Commissions and District Fora since their inception is 87.65, 78.16 and 90.93 respectively. The Committee feel that performance in terms of disposal of cases by National Commission and District Fora is comparatively satisfactory, whereas, the position regarding disposal of cases by State Commissions is not satisfactory and needs to be monitored by the National Commission. The Committee have been informed that for quicker disposal of complaints and strengthening of Consumer fora, a proposal to further amend the provisions of the Consumer Protection Act, 1986 is under active consideration. The Committee desire that the Department of Consumer Affairs should make sincere efforts to complete all the formalities for early introduction of the Amendment Bill in the Parliament. The Committee also observe that under section 24B of the Consumer Protection Act, 1986, the National Commission has administrative control over all the State Commissions which includes overseeing the functioning of the State Commissions as also the District Fora to ensure that the objects and purposes of the Act are best served. The Committee, therefore, recommend that the National Commission should exercise its powers under the existing provisions of the Act for monitoring the functioning of the State Commissions and District Fora .

Reply of the Government

2.6 The National Commission is monitoring the functioning of the State Commissions/District Fora, including disposal rate on regular basis and the following steps are being taken up to reduce the pendency of consumer cases:

- (a) Conferences of the Presidents of State Commissions and Secretaries in-charge of Consumer Affairs in the States Governments are organized to discuss various problems, being faced by the Consumer Fora, including low rate of disposal of cases.
- (b) The Consumer Fora are advised to dispose of consumer cases by adopting Alternative Dispute Resolution Mechanism, including Lok Adalat system. Some of the Consumer Fora are disposing of cases by adopting Lok Adalat system.
- (c) Keeping in view the large pendency in some of the States, it was proposed to establish additional/Circuit Benches of the State Commissions and District Fora. Some of the States have established the additional/Circuit Benches of the State Commissions and District Fora in their States.
- (d) The State Governments are being requested by the President, National Commission to fill up the vacant posts of Presidents and Members of the State Commissions and District Forums at the earliest.
- (e) The President of the National Commission also visits the States to have first hand information with regard to functioning of the Consumer Fora in the State and interacts with the Presidents of the State Commissions as well as

Secretary, In-charge, Consumer Affairs to evolve ways and means for effective functioning of the Consumer Fora in the State.

- (f) The National Commission while notifying the Consumer Protection Regulations, 2005, fixed Bench Mark for the Consumer Fora. As per Regulation No. 19 (1), a Consumer Forum is expected to dispose of at least 75 to 100 matters every month.
- (g) Keeping in view the observations of the Parliament Standing Committee, the National Commission is writing letters to the State Commissions, informing them about the observation of the Committee and requesting them to dispose of the cases as early as possible. They are also being requested to inform the specific reasons for low rate of disposal of cases.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Consumer Affairs) H-11012/8/2010-P&C
Dated 22.07.2010]

Recommendation (Sl. No.4, Para No. 3.11)

2.7 The Committee observe that 4 vacancies of President and 18 vacancies of Members are still lying vacant in the State Commissions. Besides, 57 posts of President and 189 posts of Members are vacant in the District Fora of different States namely Andhra Pradesh, Arunachal Pradesh, Bihar, Chattisgarh, Haryana, Himachal Pradesh, Madhya Pradesh, Maharashtra, Tamil Nadu and Uttar Pradesh. The Committee are disappointed to note that although the Department has been calling for information regarding vacancies in the State Commissions from the States/UTs through Monthly and Quarterly Periodical Reports but it could not gather information relating to reasons for existence of vacancies. However, the Department has now made necessary modification in the periodical returns wherein the States/UTs are required to explain the 'reasons' for existence of vacancies and action taken to fill up the vacant posts. The Committee recommend that the Department should chalk out strategy to fill up the vacant posts of President and Members in a time bound manner, especially in District Foras.

Reply of the Government

2.8 As per provisions of Section 9(a) of the Consumer Protection Act, 1986, it is the responsibility of the concerned State Government to establish the District Fora in the State and also take action for filling up the vacant posts of Presidents & Members.

However, the States/UTs are also impressed upon by the Central Government from time to time to ensure that the posts in the Fora are not vacant and advance action initiated to ensure the functionality of Fora & consequential disposal of cases. This issue is also taken in meetings with Secretaries in-charge of Consumer Affairs in States/UTs organized by this Department as well as Conferences held by National Commission. The issue of advance as well as follow up action required to be taken for timely filling up of vacancies in the Consumer Fora was also discussed in the Conference of the National Commission held on 14th & 15th March, 2010 with Presidents of State Commissions & Secretaries in-charge of Consumer Affairs in States/UTs.

As a result of these concerted efforts, there is a decrease in the number of vacant posts, both in State Commissions & District Fora. As on 01.06.2010, there were only 2 vacancies of Presidents & 17 vacancies of Members in the State Commissions while in the District Fora, the vacancies have decreased to 48 vacancies of Presidents from 51 & to 175 vacancies of Members from 189.

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Comments of the Committee

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

Recommendation (Sl. No.6, Para No. 3.17)

2.9 The Committee note that the scheme 'Computerization and Computer Networking of Consumer Fora' (CONFONET) was launched in March, 2005 with a view to facilitating the consumers to file cases online and assess the status of their pendency in the State Commissions and District Fora. The Committee also observe that every year, a large amount is released to NIC for providing necessary hardware and software system, developing software and providing maintenance and necessary training to officials of Consumer Fora. The Committee find that installation of computer hardware/software has been completed at 565 Consumer Fora and has not been done in 42 locations majorly of which are in three States of Madhya Pradesh (10), Uttaranchal (13) and Bihar (16), due to unavailability of physical sites. The Committee are of the view that with the advancement of technology, everything is accessible on the website and internet. Thus, there is an urgent need to put all the consumer related information on the website of State Governments/UTs. The Committee, therefore, strongly recommend that the Government should persuade the State Governments of Madhya Pradesh, Uttaranchal and Bihar to provide suitable locations in those States for installing computer hardware at the earliest, to facilitate the online filing of cases by the aggrieved consumers.

Reply of the Government

2.10 This Department recently held Video Conferencing Meetings with all States/UTs including Madhya Pradesh, Uttaranchal and Bihar to review the progress of computerization of the Consumer Fora under the 'CONFONET' Project. During the Video Conferencing review meeting, the issue of non-installation of hardware in a number of locations due to sites not being made available to NIC by the State Government was also discussed & remedial measures suggested. Overall the number of locations where hardware is not installed has come down from 42 locations to 18. Uttrakhand has come down from 13 to 2, Bihar from 16 to 3.

Various instructions have also been issued recently by this Department about the necessity of active involvement of the States for making the 'CONFONET' Project a success. This has also been taken up recently by Secretary (CA) with the Chief Secretaries/Administrators of States/UTs.

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Recommendation (Sl. No.9, Para No. 3.33)

2.11 The Committee note that out of Rs. 409 crore allocated for creating awareness amongst consumers for the XI Five Year Plan (2007-12) the Department spent Rs. 211.17 crore in the first three years of plan period. The Committee also note that apart from the TV and print media, the Department follows other medium such as radio, cinema and also outdoor activities with innovative use of Railway Stations, Post Offices, Railway Tickets, Utility Bills, and Meghdoot Post Cards as communication channels to intensify the consumer awareness campaign. In respect of rural areas, media strategies goes to the extent of creating awareness through hoardings, kiosks, wall paintings, bus panels, village boards, Railway branding etc. The Committee fail to understand as to why the very idea of launching Publicity Campaign through advertisement cannot be explored on the pattern of Pulse Polio Campaign and Anti Tobacco Campaign as all these activities are to be carried out by the outdoor publicity units of DAVP through their empanelled agencies. The Committee further note that Media Planning for the publicity campaign has been entrusted to DAVP which ensures representation of the regional TV channels that are empanelled with DAVP for telecast of spots in the regional languages. The Committee, therefore, desire that the Department should explore the feasibility of launching Publicity Campaign through advertisement on the pattern of Pulse Polio Campaign and Anti Tobacco Campaign as a continuous process and intimate the Committee about the action taken in this regard within three months. The Committee also recommend that the Department should chalk out its schedule for the Consumer Awareness Programme in the beginning of the financial year.”

Reply of the Government

2.12 The observations of the Committee have been noted. The matter has been taken up with DAVP to suggest a suitable line of action for implementing the suggestions/observations of the Committee.

As regards chalking out the schedule of consumer awareness programme at the beginning of financial year is concerned, the Department is already following this course of action. The Empowered Committee of the Department headed by Secretary(CA) chalks out the Annual Plan for publicity in the month of March itself for the ensuing financial year. This is followed up by drawing up detailed quarterly plans.”

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Comments of the Committee

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

Recommendation (Sl. No.12, Para No. 5.18)

2.13 The Committee note that the BE for the scheme for 'Standardization and Quality Control' of BIS for the year 2009-10 was Rs. 15.26 crore which was reduced to Rs. 0.67 crore at RE Stage and the actual expenditure during the year was NIL. The heavy reduction of BE at RE stage is attributed to the realistic assessment of likely expenditure during the year after taking into consideration the unspent balance of funds available with BIS out of the funds released during the previous year. The Committee are surprised to note that BIS, an important organization of the Department has not been able to submit the utilization certificates on time thereby resulting into reduction of funds at RE stage every year. The Committee, therefore, recommend that the Department should conduct review meetings with BIS and other concerned officials/departments on regular basis to assess the requirement of funds by BIS on realistic basis and stress upon them the need for timely submission of Utilization Certificates.

Reply of the Government

2.14 Actual expenditure incurred under the Scheme for 'Standardization and Quality Control' during the year 2009-10 was Rs.0.40 crore against the revised estimates of Rs.0.67 crores during the year. Review meetings are being conducted at regular intervals at the levels of Secretary and Additional Secretary to review the progress of expenditure and to sort out problems in implementation of the Schemes. A Steering Committee consisting of Additional Secretary (Consumer Affairs), Chairman of the Committee, AS&FA, Director General (BIS) and nominee of the Planning Commission has been set up for giving guidance for proper implementation of the Schemes. Meetings of the Committee are held regularly to monitor the progress of the Schemes.

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Recommendation (Sl. No.14, Para No. 6.7)

2.15 The Committee are unhappy to note that the Government could not utilize the entire funds allocated by the Planning Commission for strengthening the Forward Market Commission which is evident from the fact that from 2007-08 to 2009-10, the total BE was Rs. 56.40 crore and RE was Rs. 21.40 crore i.e. less than half of BE and the actual expenditure during these three years was only Rs. 8.36 crore i.e. 14.82% of BE and 38.97% of RE. The plea of the Government that the under-utilization was due to non-identification of suitable premises for shifting the office and delay in approval of price dissemination project is not at all convincing to the Committee. The Committee feel that the very purpose of allocation of huge funds is defeated if the funds earmarked for a particular purpose are not utilized. The Committee, while considering its lackadaisical attitude on the part of FMC recommend that the Government of India should take prompt action to resolve all the issues so that the funds do not remain unutilized on flimsy grounds.

Reply of the Government

2.16 The allocation of funds under the plan scheme was done keeping in mind the financial requirement of FMC in the event of the passage of the Forward Contracts (Regulation) Amendment Bill. This would have facilitated the restructuring and strengthening of FMC, which in turn would have enabled FMC to upscale its manpower, activities and thereby, the utilization of the plan funds.

Shortfall in expenditure in 2009-10 was primarily in the areas of IT and hiring of office premises. The allocation for IT and hiring of premises was made keeping in mind, increased induction of manpower linked with the passage of the Bill. The scope for utilization of funds was severely restricted due to non-passage of the FC(R) Amendment Bill which was in the process of consultation with the stake holders. Within these limitations FMC has tried its best to augment utilization of plan funds wherever there was scope to do so. The total expenditure incurred by FMC in 2009-10 was almost more than double that of in the previous year, i.e. Rs. 719.31 lakh as against Rs. 331.51 lakh in the previous year, indicating a rise of 117% in the expenditure over the year and 89% of the RE for 2009-10. The major expenditure incurred in 2009-10 was under the head Capacity Building/Training/Consultancy and Awareness development programmes which was Rs. 350.55 lakh as against RE of Rs 428.10 lakh for the year 2009-10 and actual expenditure of Rs. 221.41 lakh in the previous year. FMC has also started working on installation of electronic Price Ticker Boards under the Price Dissemination Project since 2008-09. Installation of the Price Dissemination Ticker Board under the Price Dissemination Scheme required a lot of ground work which was time consuming. Due to the procedural delay, the project could not be commenced in 2008-09. However, the expenditure incurred on installation of price ticker boards under the Price Dissemination Project has shown a sharp rise from Rs. 62.40 lakh in 2008-09 to Rs. 315.92 lakh in 2009-10, witnessing a rise of 406.28%. A note proposing amendment to the Forward Contracts (Regulation) Act 1952 has, however, been sent to the Cabinet Secretariat on 31.5.2010.

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Recommendation (Sl. No.15, Para No. 6.8)

2.17 The Committee note that the Government has awarded the work to conduct study to ascertain the percentage of small and marginal farmers benefitted from futures/forward trading in the States of Punjab, Gujarat, Karnataka, Maharashtra, Kerala and Andhra Pradesh to an independent agency viz. M/s NABARD Consultancy Services (NABCONS). The Committee recommend that FMC should provide all the required assistance to the agency and complete the necessary formalities required for evaluation. The Government should keep a close watch on the functioning of the NABCONS so that the study is completed and report is submitted within the stipulated time frame i.e. by the end of June, 2010.

Reply of the Government

2.18 The study to ascertain the percentage of small and marginal farmers benefited from futures/forward trading was awarded to NABCONS on 15th March 2010 with a condition that they should complete certain formalities, such as signing of Letter of Agreement, Terms of Reference, issue of bank guarantee equal to 50% of the advance payment and performance guarantee before commencement of studies. NABCONS could not complete the formalities within the short time available before the end of the financial year 2009-10, which necessitated issuance of fresh sanction by the Department of Consumer Affairs which was issued on 27th April 2010. Subsequently, all the formalities were completed within 15 days and the study commenced by the 13th May 2010. The NABCONS have already completed the proposed preparatory work and prepared a questionnaire for the study. The study is expected to be completed by the middle of August 2010. NABCONS is being extended all necessary assistance to ensure that the study is completed within the stipulated 3 months time. The Government and FMC are closely monitoring the progress of the study.

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Comments of the Committee

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

Recommendation (Sl. No.18, Para No. 7.19)

2.19 The Committee are happy to note that in pursuance of the recommendations made by the Parliamentary Standing Committee on Food, Consumer Affairs and Public Distribution in their 27th and 28th Reports (14th Lok Sabha), the Government have issued strict instructions to States/UTs to strengthen their enforcement machinery and take all necessary measures to prevent hoarding and blackmarketing of essential commodities. Besides, the Government has constituted a Standing Core Group of State Chief Ministers of eight States under the Chairmanship of Hon'ble Prime Minister to recommend measures inter-alia for better implementation of and amendment of Essential Commodities Act, 1955. The Committee, therefore, recommend that the Government should improve its monitoring mechanism over the functioning of the States/UTs and impress upon them to take strict action against the hoarders and blackmarketers who create artificial scarcity of food commodities in the market with a motive to earn more profit.

Reply of the Government

2.20 The State Governments/UT Administrations have been repeatedly requested to strictly enforce both the Acts and also monitor such enforcements. Video Conferences were held with the State Governments under Chairmanship of Secretary (CA) in November, 2009 and January, 2010 wherein the State Governments have again been advised to implement and enforce the two Acts effectively. A Conference of Chief Ministers was also convened on 06.02.2010 by this Department under the Chairmanship of Hon'ble Prime Minister wherein this aspect was reiterated to the State Governments. A Standing Core Group of State Chief Ministers and concerned Central Ministers has been constituted as decided in the Chief Ministers Conference held on 06.02.2010. The first meeting of the Core Group was held on 08.04.2010 under the Chairmanship of Prime Minister. It was decided in this meeting to set up a Working Group, inter alia, on Consumer Affairs to be Chaired by the Chief Minister of Gujarat. This Working Group has since been constituted and is required to suggest strategies/plan of action for reducing the gap between farmgate and retail prices and better implementation and amendment to Essential Commodities Act.

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Recommendation (Sl. No.19, Para No. 7.20)

2.21 The Committee are surprised to note that only 4 States namely, Tamil Nadu, Gujarat, Orissa and Maharashtra are reporting detention cases under the Blackmarketing of Essential Commodities Act and some of the State Governments opine Prevention of Blackmarketing and Maintenance of Supplies of Essential Commodities Act, 1980 as draconian and hence using it sparingly. The Committee recommend that the Department should take prompt steps to elicit information and reasons from the States/UTs which do not prefer to follow the Essential Commodities Act and consider it draconian. The Department should also discuss these issues at the highest level and impress upon the States/UTs to follow the provisions of Essential Commodities Act in true spirit and furnish the details of action taken in this regard within the stipulated time frame.

Reply of the Government

2.22 The enforcement of the Essential Commodities Act, 1955 lies with the State Governments/Union Territories. The State Governments/UT Administrations have been delegated powers to take necessary action under the provisions of both “The Essential Commodities Act, 1955 and “The Prevention of Blackmarketing and Maintenance of Supplies of Essential Commodities Act, 1980”, to prevent mal-practices in essential commodities. States/UTs have been requested repeatedly from time to time to take necessary actions under both the Acts to prevent hoarding and smuggling.

The Central Government has been taking various measures to persuade the State Governments/UT Administrations to effectively implement the provisions of Essential Commodities Act, 1955. These include d.o.letters, conferences with Food Secretaries/Chief Secretaries of States/UTs including Video Conferences.

The Hon’ble Minister for Consumer Affairs, Food & Public Distribution had written to the Chief Ministers of all the States/UTs vide his letter dated 23.09.2009 and 21.12.2009 where he had reiterated the requirement of strict enforcement of the provisions of the Essential Commodities Act, 1955 and the Prevention of Blackmarketing and Maintenance of Supplies of Essential Commodities Act, 1980 against unscrupulous elements indulging in malpractices. The Chief Ministers of some of the States have indicated the action taken by them towards implementing the provisions of both these Acts. Some more State Governments have acknowledged the receipt of the Hon’ble Ministers letter and have informed that they were having the matter looked into. Secretary (CA) has written on 9th July 2010 to Chief Secretaries of all States/UTs to indicate the experience arising out of implementation of Essential Commodities Act, 1955 and Prevention of Blackmarketing and Maintenance of Supplies of Essential Commodities Act, 1980.

The latest in the series of interactions with the States/UTs is the Conference of Chief Ministers held under the Chairmanship of Hon’ble Prime Minister on 06.02.2010. A Standing Core Group of State Chief Ministers and concerned Central Ministers has been constituted as decided in the Chief Ministers Conference held on 06.02.2010. The first meeting of the Core Group was held on 08.04.2010 under the Chairmanship of Prime Minister. It was decided in this meeting to set up a Working Group, inter alia, on Consumer Affairs to be chaired by the Chief Minister of Gujarat. This Working Group

has since been constituted and is required to suggest strategies/plan of action for reducing the gap between farmgate and retail prices and better implementation and amendment to Essential Commodities Act.

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CHAPTER III

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

Recommendation (Sl. No.5, Para No. 3.12)

3.1 The Committee observe that only 1651 cases pertaining to State Commissions and 16,617 cases pertaining to District Fora have been disposed off by the method of Lok Adalat during 2009-10 throughout the country, which indicates that the concept of disposal of cases through Lok Adalat has not been adopted by majority of the States. In the opinion of the Committee, the concept of Lok Adalat is convenient, cheap, quick and free from Legal Technicalities where the cases are decided with mutual consent of both the parties. The Committee, therefore, recommend that the Government should encourage all the States/UTs to set Lok Adalat or Circuit Benches for quick disposal of large number of cases pending in the State Commissions and District Fora. The Committee also desire that Department should impress upon all the State Governments/UTs to furnish information regarding disposal of cases by Lok Adalat method which would help the Department itself to make proper planning and strategy to lessen the burden on the consumer courts and to deliver inexpensive justice to the consumers.

Reply of the Government

3.2 Information relating to disposal of cases by Lok Adalat method in the State Commissions and District Fora is also being called for from all States/UTs in the Quarterly Periodical Returns being obtained from them. On analysis of these Reports, the States/UTs are advised to take remedial action in respect of all shortcomings observed including low rate of disposal of cases by Lok Adalat method.

As on 01.06.2010, the disposal of cases by Lok Adalat method has also increased further to 1841 cases in State Commissions from 1651 and 19,684 cases in District Fora from 16,617.

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Recommendation (Sl. No.7, Para No. 3.25)

3.3 The Committee are unhappy to note that the allocation of funds under the scheme Consumer Welfare Fund has been considerably decreasing during the past three years. Every year, a huge amount is provided in the Central Budget but very little amount is being utilized by the Department. During 2007-08, the BE and RE was Rs. 20.60 crore but the actual expenditure was only Rs. 8.73 crore i.e. less than 50% of the BE and RE. Similarly, the BE which was Rs. 16.08 crore during 2008-09 was reduced to Rs. 8.65 crore whereas the actual expenditure during the year was only Rs. 4.91 crore. The Committee cannot accept the argument of the Department that the funds could not be utilized due to delay in issue of revised Guidelines in 2007-08 for release of funds to States/UTs as well outstanding audit paras for some of the major projects because these formalities are of usual nature which should have been resolved in consultation with the concerned authority well in advance. The Committee, therefore, recommend that the Government should make vigorous efforts to utilize the entire funds in the financial year so that the consumers are not deprived of the benefits of the Consumer Welfare Fund.

Reply of the Government

3.4 As a result of rigorous and persistent efforts made by the Department at senior levels the expenditure was Rs.10.94 crores, during the year 2009-10, which is more than double the expenditure of the year 2008-09. Efforts will be continued in future also, for utilizing the allocation at its maximum.

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Recommendation (Sl. No.10, Para No. 3.40)

3.5 The Committee note that the Government contemplates to set up a National Trade Practice Regulatory Authority (NTPRA) with a view to cover areas which have not been covered under Competition Act and Consumer Protection Act and to deal with cases of unfair trade practices which have not been covered under the Consumer Protection Act, 1986. Every year, a provision of token money is made in the Central Budget with the hope that scheme would be approved by the Ministry of Law and Justice but it seems that it may take some time to complete the procedural formalities. While considering it a right step taken by the Government, the Committee recommend that Government should vigorously pursue the matter with the concerned authorities to get clearance of the Bill so that regulatory and adjudicatory framework to address the gap in legislation for protection of intermediate consumers is established expeditiously.

Reply of the Government

3.6 The proposal for setting up of the National Trade Practices Regulation Authority (NTPRA) is still under consideration of the Government. A draft Bill is being finalized in consultation with the Ministry of Law.

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Recommendation (Sl. No.13, Para No. 5.19)

3.7 The Committee note that BIS could not achieve the physical targets fixed for hallmarking of gold jewellery during 2007-08 and 2008-09 due to increase in number of certification bodies, manpower constraints and non-introduction of compulsory hallmarking of gold jewellery articles w.e.f. 1.1.2008. The hallmarking of gold jewellery scheme is linked with the amendment to the BIS Act which is being finalized in the Department. Regarding manpower constraint, it has been stated that posts which are lying vacant for more than a year have lapsed. The Secretary stated during evidence that they have sought permission of the Ministry of Finance to fill up 90% of the sanctioned posts which have lapsed. Their approval is still awaited. Further, proposal for filling up of 74 Posts of Scientist B and 101 non-scientific posts in various Grades is under consideration of the Ministry. The Committee, therefore, recommend that the Department should take all measures to expedite introduction of the bill in the Parliament and the filling up of sanctioned posts of BIS, for effective implementation of the Hallmarking scheme.

Reply of the Government

3.8 The main reason for declining trend in hallmarking of jewellery articles is non-introduction of hallmarking on a mandatory basis as proposed earlier and the resultant lack of interest on the part of jewellers to get jewellery articles hallmarked. At present only BIS is engaged in certification of gold jewellery articles. There is no other authority engaged in certification of these articles as against a number of certification bodies in the case of Management Systems Certification. A Draft Bill for amendment of the BIS Act has been finalized in consultation with Legislative Department, Ministry of Law & Justice. Approval of the Government is being sought for the proposed amendments before introduction of the Bill before Parliament. A case for revival of some of the posts that have lapsed is also under consideration of the Government.

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CHAPTER IV

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

Recommendation (Sl. No.1, Para No. 2.15)

4.1 The Committee note that out of total outlay of Rs.209 crore each for Plan Schemes during 2008-09 and 2009-10, the Department could utilize Rs.142.33 crore against RE of Rs.160 crore and Rs.144.07 crore against RE of Rs.164 crore, respectively. The Committee feel that on the one hand, funds for Plan Schemes have not been utilized fully during the last two years and on the other, the Department considers funds allocated for 2010-11 as insufficient. The Committee, therefore, strongly recommend that the Department should take steps to get timely clearance of all the Plan schemes so that allocated funds could be utilized properly and the physical and financial targets set for various schemes in the financial year could be achieved. The Committee also desire that the Department should chalk out strategy well in advance for implementation of its schemes and make sincere efforts to complete all the procedural formalities to avoid delay in the implementation the schemes/programmes/projects.”

Reply of the Government

4.2 The observations of the Committee have been noted and all efforts would be made for smooth implementation of the schemes/programmes/projects.”

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Comments of the Committee

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

Recommendation (Sl. No.8, Para No. 3.26)

4.3 The Committee note that under the scheme 'Consumer Welfare Fund', financial assistance is provided to States/UTs in the form of seed money to promote and protect the welfare of consumers, generate consumer awareness and strengthening consumer movement in the country. Despite the fact that the ratio of amount of seed money has been increased to 50:50, 14 States have not yet set up Consumer Welfare Fund in their respective budget head and not availed of the benefits of Consumer Welfare Fund which reflects that these States are not serious towards the welfare of consumers. The Committee note that the Government has now decided to support the Central Share upto 75% to those States/UTs which are willing to establish a corpus of Rs. 10 crore in their States/UTs. The Committee hope that all these 14 States will create separate Corpus Fund in their respective States/UTs and would avail the 75% financial assistance from Central Government under the Consumer Welfare Fund. The Committee, therefore, recommend that the matter may be taken up with the States/UTs at the highest level to impress upon them the importance of creation of the State Consumer Welfare Fund in their respective State Budget, to protect the interest of the consumers."

Reply of the Government

4.4 The Department has been taking up the matter of setting up the State Consumer Welfare Fund by writing letters/reminders at various levels. At the highest level, Secretary (CA) has also written D.O. letters to the Chief Secretaries of the States that have not opted for the scheme so far."

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Comments of the Committee

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

Recommendation (Sl. No.16, Para No. 7.11)

4.5 The Committee observe that the main reasons for rise in prices of essential commodities especially pulses, rice, sugar, tea during the last year were (i) shortfall in domestic supply relative to demand; (ii) increase in MSP and bonus; (iii) hardening of international prices; (iv) changes in consumption pattern; (v) adverse weather and climate change. Increase in prices of onion and potato was due to seasonal factor and loss of crop due to flood. Consequent upon the fiscal and administrative measures taken by the Government to contain the prices of essential commodities, there was some sign of reduction in prices of these commodities in open market but still the prices are very high and beyond the purchasing power of poor persons. The Committee are of the opinion that the State Governments have an important role in checking the rise in prices of essential commodities through a set of administrative and regulatory measures which is corroborated with facts that the State Governments of Maharashtra and Goa made available potato and onion to the consumers at lower than market prices by bearing the cost of subsidy. The Government of Delhi has also been supplying pulses and atta at lower rates through various outlets. The Committee are of the opinion that if all the State Governments/UTs follow the concept of Maharashtra, Goa and Delhi, the prices of the commodities will certainly come down. The Committee, therefore, recommend that the Government should persuade all the States/UTs to emulate the pattern of Government of Maharashtra, Goa and Delhi to supply the essential commodities like pulses, onion and potato at subsidized rates.

Reply of the Government

4.6 The recommendations of the Standing Committee have been brought to the notice of the State Governments. They have advised to constitute similar steps to check price rise and give competition to the private trade.

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Comments of the Committee

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

CHAPTER V

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

Recommendation (Sl. No.11, Para No. 4.5)

5.1 The Committee regret to note that evaluation study carried out in 8 States has pointed out serious shortcomings in the functioning of Strengthening of Weights and Measures Infrastructure of States/UTs Scheme viz. (i) States are not able to provide its resources for operational expenditure ; and (ii) larger mobile kits do not reach all places. The Committee are unable to understand as to how the Department will make this scheme effective until and unless the shortcomings are removed from the scheme. The Committee, therefore, recommend that the Department should conduct such survey in all other States for efficient functioning of Weight and Measure Laws. The Committee also desire that the Department should impress upon DGS&D to procure kits well in advance and provide to States which were affected due to operational problem and ensure that similar problem does not arise at the fag end of the financial year.

Reply of the Government

5.2 (i) The recommendations of the Standing Committee to conduct a survey in all other States for efficient functioning of Weights and Measures Laws are being examined.

(ii) DGS&D has been advised to procure the equipments well in advance to avoid any type of operational difficulties at the end of the financial year.

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Recommendation (Sl. No.17, Para No. 7.12)

5.3 The Committee note that the agricultural produce market in India is fragmented and controlled by the Agricultural Produce Market Commodity Act (APMC). The basic purpose of APMC Act was to help the farmers to get a possible price. Unfortunately, the provisions of the said Act have become ineffective and the farmers have to sell their produce through intermediators at very low prices. The Committee have been informed that an idea of spot exchange has been developed wherein the consumers are in a position to purchase the produce directly from farmers at a cheap rate from organized retail sector through contract farming. But the concept of organized retail sector and contract farming is possible only when the provisions of APMC Act are suitably amended. Therefore, the Government contemplates to insert a Competition Clause in the APMC Act so that the farmers have choice to sell their produce to multiple agencies at high prices. The Committee, while considering it a right step taken by the Government, recommend that the Government should bring Amendment Bill in the Parliament so that the interest of the farmers and consumers are protected and the farmers are saved from the clutches of middleman and traders which will automatically help the Government to bring down the sky high prices of essential commodities.

Reply of the Government

5.4 The agriculture marketing system in the country is services through a network of regulated markets. The purpose of regulation of agricultural markets was to protect farmers from the exploitation of intermediaries and traders and also to ensure better prices and timely payment for his produce. Over a period of time these markets have, however, acquired the status of restrictive and monopolistic markets, providing no help in direct and free marketing, organized retailing and smooth raw material supplies to agro-processing, competitive trading, information exchange and adoption of innovative marketing systems. In order to provide better market access through alternative marketing channel and better remuneration to farmers, Central Government advised all the State Governments to modify their Marketing Legislation as per Model APMC Act 2003 for promoting competitive and transparent transactional methods, to provide contract farming, Direct Marketing and enabling setting up markets in private and co-operative sector. The status of reform by states is annexed at Annexure.

Among others, the Model Act also provides an institutional framework to support contract farming, an arrangement under which companies enter into contracts for marketing of the agricultural produce and also provide technologies and capital support to farmers. These arrangements can provide an effective method of linking small farm sector to agro-processing industry and to sources of extension advice, seeds, credit and to assured and profitable markets. There is provision in the Model APMC act for e-trading under which the National Spot Exchange can transact agricultural produce at electronic platform. The States of Gujarat, Maharashtra, Karnataka, Rajasthan, Madhya Pradesh and Orissa have provided provisions in their APMC Act for setting up of National Spot Exchange in the APMC. This will facilitate on line trading of agricultural produce and it is reported that the prices realization of farmers enhances up to 4-5% in comparison to the traditional marketing channel.

The Ministry of agriculture has set a Committee of Minister In-charge agricultural marketing on market reforms and the issues related various areas of reforms are being examined by the committee including electronic trading. The states are being persuaded to complete the process of reforms early in the interest of farmers and more so in the interest of the consumers.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Consumer Affairs) H-11012/8/2010-P&C
Dated 22.07.2010]

NEW DELHI
04 July, 2011
13 Asadha, 1933 (Saka)

VILAS MUTTEMWAR,
Chairman
Standing Committee on Food,
Consumer Affairs and Public Distribution

APPENDIX I

STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION (2010-11)

MINUTES OF THE ELEVENTH SITTING OF THE STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION HELD ON MONDAY, THE 4th JULY, 2011

The Committee sat from 1430 hrs. to 1500 hrs. in Committee Room 'C', Ground floor, Parliament House Annexe, New Delhi.

PRESENT

Shri Vilas Muttemwar - Chairman

MEMBERS

LOK SABHA

2. Shri Kamlesh Balmiki
3. Shri Tarachand Bhagora
4. Shri Shivraj Bhaiya
5. Shri Arvind Kumar Chaudhary
6. Shri Sanjay Singh Chauhan
7. Shri Anant Gangaram Geete
8. Shri Lal Chand Kataria
9. Shri Marotrao Sainuji Kowase
10. Shri Sukhdeo Singh Libra
11. Shri Purnmasi Ram
12. Shri Danapal Venugopal
13. Shri Adagooru H. Vishwanath

RAJYA SABHA

14. Smt. T. Ratna Bai
15. Shri Lalhming Liana
16. Shri Shantaram Laxman Naik
17. Shri Kanjibhai Patel
18. Shri Rajniti Prasad
19. Shri Sanjay Raut
20. Dr. T. N. Seema
21. Shri Veer Singh
22. Shri Kaptan Singh Solanki

SECRETARIAT

- | | |
|------------------------|-----------------|
| 1. Shri P.K.Misra - | Joint Secretary |
| 2. Smt. Veena Sharma - | Director |
| 3. Shri Khakhai Zou - | Under Secretary |

2. At the outset, Hon'ble Chairman welcomed the Members to the sitting of the Committee convened for consideration and adoption of the draft Report on the Action Taken by the Government on the observations/recommendations of the Committee contained in the Fifth Report on Demands for Grants (2010-11) relating to the Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs). In his opening remarks Hon'ble Chairman highlighted the important points reiterated by the Committee in the draft Report in respect of the action taken by the Government on the observations/recommendations contained in the Committee's original report.

3. The Committee took up for consideration the draft Report and unanimously adopted the same without any amendments/modifications.

4. The Committee then authorized the Chairman to finalize the aforesaid Report and present the same to the Parliament during the ensuing Monsoon Session of Parliament. The Committee also decided to convene the next sitting on 26th July, 2011.

The Committee then adjourned.

APPENDIX II

(Vide Introduction of the Report)

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE OBSERVATIONS/RECOMMENDATIONS CONTAINED IN THE FIFTH REPORT OF THIS STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION (FIFTEENTH LOK SABHA)

- (i) Total number of Recommendations:- 19
(ii) Recommendations/observations which have been accepted by the Government :-

Recommendation Nos. 2.16, 2.17, 3.10, 3.11, 3.17, 3.33,
5.18, 6.7, 6.8, 7.19 and 7.20

Total: 11
Percentage: 57.89%

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

Recommendation Nos. 3.12, 3.25, 3.40, and 5.19

Total: 04
Percentage: 21.05%

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

Recommendation Nos. 3.26, and 7.11

Total: 02
Percentage: 10.53%

- (v) Recommendations/observations in respect of which the replies of the Government are still awaited:-

Recommendation Nos. 4.5 and 7.12

Total: 02
Percentage: 10.53%