

**STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS  
AND PUBLIC DISTRIBUTION (2012-2013)**

**FIFTEENTH 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 Eighteenth Report of the Committee (2011-12) on Demands for Grants (2012-13) pertaining to the Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs)}

**TWENTY-FIFTH REPORT**



**LOK SABHA SECRETARIAT  
NEW DELHI**

**December, 2012/Agrahayana, 1934 (Saka)**

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***Presented to Lok Sabha on 18.12.2012  
Laid in Rajya Sabha on 18.12.2012***



**LOK SABHA SECRETARIAT  
NEW DELHI**

**December, 2012/ Agrahayana, 1934 (Saka)**

## CONTENTS

|  | PAGE  |
|--|-------|
| Composition of the Committee .....   | (iii) |
| INTRODUCTION .....   | (v)   |
| Chapter I    Report.....   | 1     |
| Chapter II    Observations/Recommendations which have been<br>accepted by the Government.....  | 10    |
| Chapter III    Observations/Recommendations which the<br>Committee do not desire to pursue in view of<br>the Government's replies.....       | 33    |
| Chapter IV    Observations/Recommendations in respect of which<br>replies of the Government have not been accepted<br>by the Committee ..... | 34    |
| Chapter V    Observations/Recommendations in respect of<br>which final replies of the Government are<br>still awaited.....                   | 38    |

## APPENDICES

|   |    |
|---|----|
| (I)    Minutes of the Nineteenth sitting of the Committee held on<br>16th November, 2012 .....  | 41 |
| (II)    Analysis of the action taken by the Government on<br>the recommendations contained in the Eighteenth Report<br>of the Committee (2011-12) ..... | 43 |

**COMPOSITION OF THE STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS  
AND PUBLIC DISTRIBUTION (2012-2013)**

**Shri Vilas Muttemwar - Chairman**

**MEMBERS**

**Lok Sabha**

2. Smt. Harsimrat Kaur Badal
3. Shri Shivraj Bhैया
4. Shri Kantilal Bhuria
5. Shri Arvind Kumar Chaudhary
6. Shri Harishchandra Chavan
7. Shri Sanjay Dhotre
8. Shri Eknath M. Gaikwad
9. Shri Abdul Mannan Hossain
10. Shri Prataprao Ganpatrao Jadhav
11. Shri Sohan Potai
12. Shri Ponnamm Prabhakar
13. Shri A. Sai Prathap
14. Shri C. Rajendran
15. Shri Purnmasi Ram
16. Shri Chandulal Sahu (Chandu Bhaiya)
17. Shri Adhi Sankar
18. Shri N. Chaluvarya Swamy
19. Shri Jagdish Thakor
20. Shri Laxman Tudu
21. Vacant\*

**Rajya Sabha**

22. Dr. Bhushan Lal Jangde
23. Shri Lalhmung Liana
24. Dr. Bharatkumar Raut
25. Ms. Rekha
26. Dr. N. Janardhana Reddy
27. Dr. T.N. Seema
28. Shri Birender Singh
29. Shri Veer Singh
30. Shri Kaptan Singh Solanki
31. Vacant

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\*Shri Lalchand Kataria, M.P. appointed as Minister of State w.e.f. 28.10.2012

**SECRETARIAT**

- |                      |   |                   |
|----------------------|---|-------------------|
| 1. Shri P. K. Misra  | - | Joint Secretary   |
| 2. Smt. Veena Sharma | - | Director          |
| 3. Shri Khakhai Zou  | - | Under Secretary   |
| 4. Shri Anil Kumar   | - | Committee Officer |

## INTRODUCTION

I, the Chairman of the Standing Committee on Food, Consumer Affairs and Public Distribution (2012-13) having been authorized by the Committee to submit the Report on their behalf, present this Twenty-Fifth Report on Action Taken by the Government on the Observations/Recommendations contained in the Eighteenth Report of the Committee (2011-12) on Demands for Grants (2012-13) of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs).

2. The Eighteenth Report was presented to Lok Sabha and laid in Rajya Sabha on 3rd May, 2012. The Government have furnished their replies indicating Action Taken on the Observations/Recommendations contained in the Report on 24th July, 2012.

3. The Report was considered and adopted by the Committee at their sitting held on 16th November, 2012.

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

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

New Delhi;  
16 November, 2012  
25 Kartika, 1934 (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 Eighteenth Report (15<sup>th</sup> Lok Sabha) on Demands for Grants (2012-13) pertaining to the Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs).

1.2 The Eighteenth Report was presented to Lok Sabha/laid in Rajya Sabha on 3<sup>rd</sup> May, 2012. It contained 24 observations/ recommendations. Action Taken Notes in respect of all the 24 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. – 1, 2, 3, 7, 8, 10, 12, 13, 14, 15, 17, 19, 20, 21, 22, 23 and 24.

(Para. Nos. – 2.12, 2.13, 2.14, 3.28, 3.29, 3.46, 4.10, 4.11, 5.18, 5.19, 6.14, 7.9, 7.10, 7.11, 8.15, 8.16 and 8.17).

(Chapter –II, Total 17)

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

Serial No. 18

(Para. No. – 6.18)

(Chapter –III, Total 1)

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

Serial Nos. - 9, 11 and 16

(Para. Nos. – 3.40, 3.52 and 6.13)

(Chapter – IV, Total 3)

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

Serial Nos. - 4, 5 and 6

(Para. Nos. –3.25, 3.26 and 3.27)

(Chapter – V, Total 3)

**1.3 The Committee desire that the replies in respect of the Observations/Recommendations for which only interim replies have been received from the Government as reproduced in Chapter V as well as replies to the observations/recommendations contained in Chapter-I of this Report, be furnished to the Committee expeditiously.**

**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 Implement Schemes under Consumer Welfare Fund (CWF) in all States/UTs expeditiously**

**Recommendation (SL. NO. 9, PARA NO. 3.40)**

1.6 The Committee in their earlier report observed/recommended as follows: -

"The Committee find that during XI Plan Period Actual Expenditure (on the Non-Plan side) in Consumer Welfare Fund remained low throughout the Plan period. The Committee further note that so far only 21 States/UTs have set up Consumer Welfare Fund in their States. The Committee are not in agreement with the views expressed by the Department that small quantum of grant appears to be the reason for not setting up Consumer Welfare Funds by the remaining States/UTs. The Committee are dismayed to note that though in case of 13 special category States, the ratio of 'Seed money' has been enhanced to 90:10, the Department has furnished the details of only 7 States which have been sanctioned funds for creating their own Consumer Welfare Fund. As far as the Scheme for setting up of consumer clubs in Schools and Colleges is concerned, the Committee note that so far 7,249 consumer clubs have been sanctioned funds in 23 States. The Committee are surprised to find from the submission of the Ministry that the remaining States are not interested to implement the Scheme as the main reluctance of the States is due to their pre-occupation with PDS issues and lesser concern for consumer issues. The Committee not convinced with the view of the Department and desired the Department to find out the actual reasons for the reluctance shown by the remaining States/UTs for not implementing the Schemes under Consumer Welfare Fund. The Committee, therefore, recommend that the Department should impress upon the State Governments/UT Administrations not only to set up Consumer Welfare Fund and Consumer Clubs in remaining States/UTs, but also to encourage them to avail the benefits of the other Schemes under Consumer Welfare Fund so as to promote and protect the welfare of the consumer".

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

"The Department has been vigorously taking up the matter of setting up of State Consumer Welfare Fund and Consumer Clubs with the concerned Secretaries/Chief Secretaries (CA) of the States/UTs through various communications requesting them to avail the benefit of these schemes under Consumer Welfare Fund so as to ensure speedy implementation of the schemes. Matter has again been taken up with remaining States/UTs through demi-official letter at the level of Joint Secretary".



1.8 The Committee in their original report, had desired that the Department should find out the actual reasons for the reluctance shown by remaining States/UTs for not implementing the schemes under Consumer Welfare Fund (CWF). They also recommended that the Department should impress upon and encourage the remaining States/UTs to implement the said schemes and also avail benefits of other schemes under Consumer Welfare Fund. In their action taken reply, the Department have stated that they have been vigorously taking up the matter of setting up of State Consumer Welfare Fund and Consumer Clubs with the concerned Secretaries/Chief Secretaries of the States/UTs through various communications requesting them to avail the benefit of these schemes under CWF so as to ensure speedy implementation of the schemes. The Committee are not satisfied with the stereo-typed reply of the Department which is not only devoid of details of any concrete action taken by them as no specific dates and response of State Governments have been mentioned therein but also devoid of any outcome of vigorous efforts made by them. The Committee, therefore, reiterate their original recommendation and desire to be apprised of the concrete action/details of all the various communications made by the Department in this regard since the date of presentation of the original report of the Committee till furnishing of final action reply of the Government as well as the outcome thereof in this regard.

**B. Need to fully utilise the Allocated Funds for the Scheme, 'Programme for Consumer Awareness' as well as need to Educate the Consumers about their Rights and Responsibilities by the Department**

**RECOMMENDATION (SL. NO. 11, PARA NO. 3.52)**

1.9 The Committee in their earlier report observed/recommended as follows:-

"The Committee are happy to note that the Department is in the process of developing Consumer Awareness Index to ascertain the level of awareness amongst the consumers. The Committee feel that spreading consumer awareness is directly proportional to the effectiveness of Consumer Movement in the country. The Committee hope that this initiative on the part of Department would bring the Consumer Movement in the Country at the international level. The Committee, however, are constrained to note that Actual Expenditure under the Scheme Programme for Consumer Awareness has been constantly less than the RE during the entire XI Plan Period. The Committee, therefore, desire that the entire funds allocated for spreading consumer awareness in the country be fully utilized so as to successfully develop the Consumer Awareness Index on real terms and recommend the Department to take pro-active steps to educate the consumers about their rights and responsibilities so that they do not get carried away by misleading advertisements".

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

"The observation of the committee has been noted for guidance. Extra efforts will be made for full utilization of allocated funds".

**1.11 The Committee in their earlier report had noted with constraint that Actual Expenditure under the scheme, 'Programme for Consumer Awareness' has been constantly less than the Revised Estimates (RE) during the entire XI Plan period and, therefore, recommended that the entire funds allocated under the scheme be fully utilized. They also recommended the Department to take pro-active steps to educate the consumers about their rights and responsibilities so that they do not get carried away by misleading advertisements. The Department in their action taken reply have stated that they have noted the observation of the Committee for guidance and they would make extra efforts for full utilization of allocated funds. The Committee are not satisfied with the casual reply of the Government which is again devoid of any concrete action taken/proposed to be taken or mention about any pro-active steps taken/proposed to be taken by them to educate the consumers about their rights and responsibilities. The Committee, therefore, reiterate their earlier recommendation and advice the Department to apprise them about the actual action taken/ proposed to be taken and the outcome thereof regarding both the issues recommended.**

**C. Need to simplify the Procedural Formalities for setting up Assaying and Hallmarking Centres and Increase the Financial Assistance for the AH&C Scheme**

**Recommendation (Serial No. 16, Para No. 6.13)**

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

"The Committee note that 181 Assaying and Hallmarking Centres have been recognized by BIS for certifying gold jewellery articles. As on 29<sup>th</sup> February, 2012, a total of 9352 Jewellers have been certified by BIS for hallmarked gold jewellery and 558 jewellers for hallmarked silver jewellery/artifacts. The Committee are surprised to note that in another reply to a query, the Department has stated that there are 186 Assaying and Hallmarking Centres in the country recognized by the Government. Out of these, only 39 Hallmarking Centres are set up with the Central Assistance and the larger numbers of 147 Hallmarking Centres are set up without any Central Assistance. It is clearly evident from this fact that either the present quantum of financial assistance given by the Central Government for setting up Hallmarking Centres is insufficient to attract the prospective entrepreneurs or the formalities for availing the same is too complex, if not both. It is also stated that after enhancement of the subsidy in Government Scheme, the Department have received 42 applications, out of which 14 applications have been granted recognition by the Department. The Committee hope that the Department would consider the remaining applications also for granting recognition at the earliest and facilitate the one PSU who has proposed to set up a Hallmarking Centre in Assam. The Committee further recommends that the Department should review the formalities of the Government Scheme to make it as simple as possible and also to suitably increase the amount of financial assistance given under the Hallmarking Scheme so as to attract entrepreneurs to come forward and set up Hallmarking Centres not only in Metropolitan Cities but also in hilly and remote rural areas throughout the country".

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

"In addition to the two reasons cited above (for the insignificant number of applicants coming under the scheme), another important reasons is the commercial viability of running the A & H Centre, i.e., the operational cost. If Centre is not getting enough business of testing and hallmarking the jewelleryes, the cost of operation may exceed the income.

To make the Scheme more attractive, the Govt. has reviewed it from time to time and on the basis of the recommendations of the 9<sup>th</sup> Parliamentary Standing Committee, the rates of subsidy has been revised and substantially increased w.e.f. 9 December 2010 for all categories i.e. normal, rural areas, North East and special category states, with first time introduction of category of PSUs with higher rates in the Scheme. However, the recommendations of the committee have been noted for further consideration, during the implementation in the 12<sup>th</sup> Plan".

**1.14 The Committee in their earlier report had expressed the hope that the Department would consider the remaining 28 applications out of 42 applications received to set up Assaying and Hallmarking Centres (A&HC) for granting recognition at the earliest. They further recommended that the Department should review the formalities of Government scheme to make it as simple as possible and also suitably increase the amount of financial assistance given under Hallmarking Scheme. The Department in their reply have stated that one of the important reasons for low number of applicants coming under the scheme is commercial viability of running the Assaying and Hallmarking Centres, i.e., the operational cost exceeding the income in case enough business is not coming to Assaying and Hallmarking Centre. They have also stated that the rates of subsidy has been revised and substantially increased w.e.f. 9th December, 2010 and that they have noted the recommendation of the Committee for further consideration during implementation in the 12th Plan. The Committee, however, are not satisfied with the incomplete reply of the Department which is silent on any concrete steps or action taken by the Department with respect to considering remaining 28 applications for grant of recognition as Assaying and Hallmarking Centres. The reply is also silent on making the procedural formalities simpler for setting up Assaying and Hallmarking Centres or any increase in the financial assistance meant for the scheme.**

The Committee deplore this attitude of the Department and desire that complete reply in respect of the concrete action taken on their recommendation be furnished. Considering that after passage of BIS (Amendment) Bill, 2012, the hallmarking of gold jewellery would be mandatory and commercial viability of Assaying & Hallmarking Centres will also enhance, the Committee feel that the matter of increasing the financial assistance for setting up of Assaying & Hallmarking Centres under the Scheme may be viewed seriously which is all the more necessary keeping in view the ever increasing operational cost for running these Centres. While reiterating their recommendation, the Committee desire that the financial assistance under the Scheme should be suitably enhanced so as to encourage more and more entrepreneurs to come forward to set up Assaying & Hallmarking Centres in the Country.

**CHAPTER –II****RECOMMENDATION (SL.NO.1, PARA NO. 2.12)**

2.1 The Committee note that in case of Plan Schemes BE was reduced at RE stage in every year of the XI Plan period. Actual Expenditure also remained less than RE throughout the XI Plan Period. During 2010-11, as against BE of Rs. 220 crore, RE was reduced to Rs. 198 crore and the actual expenditure was 187.92 crore. Similarly, during 2011-12, BE of Rs. 225 crore was reduced to Rs. 185 crore at RE stage and the expenditure was Rs. 177.97 crore (which also included Rs.57.60 crore authorized in favour of other Ministries/Departments). On the Non-Plan side also, the Committee find that Actual Expenditure remained comparatively lower than BE during the initial three years of the XI Plan Period. The Committee feel that revising the estimates at RE stage and not utilizing even the revised allocated funds shows lack of proper planning on the part of the Department. The Committee, therefore, recommend that the Department should make advance planning to make realistic projections so as to avoid fluctuations in allocations at RE stage and ensure that the allocated funds earmarked for different schemes are fully utilised during the year.

**REPLY OF THE GOVERNMENT**

2.2 Noted for compliance.

[Ministry of Consumer Affairs, Food & Public Distribution  
(Department of Consumer Affairs)  
F. No. H-11012/1/2012-P&C, Dated 23/07/2012]

**RECOMMENDATION (SL.NO.2, PARA NO. 2.13)**

2.3 The Committee further note with concern that percentage utilization in case of Plan Scheme for National Consumer Disputes Redressal Commission was Nil during the year 2007-08 and 2010-11. Similarly, in other Schemes like Consumer Protection, HRD/ Capacity building, Consumer Helpline, percentage utilization declined sharply from 103.60% (in 2007-08) to 83.92% (in 2011-12) and for Setting up of Gold Hallmarking Assaying Centres in India it declined from 117.78% (in 2010-11) to 96.97% (in 2011-12). The Committee are not convinced with the argument of the Department that the State Government or other agencies of the Central Government are responsible for the implementation of some schemes who sometime delay the submission of proposals/utilisation certificates and certain execution agencies like CPWD and DGS&D etc. take their time since they have to follow long tender processes. Further, on the Non-Plan side also, percentage utilization for the Scheme 'Regulation of Weight and Measures', 'Regulation of Markets' and 'Projects under Consumer Welfare Fund' are not upto the expectations. Having examined trends in expenditure of the Department in XI Plan period, the Committee wonder how the Department is going to implement its new Schemes in the XII Plan Period under the same scenario. As some of the Schemes are continuous in nature, the Committee desire that the Department should take pre-emptive steps to complete procedural formalities and foresee the problems which had occurred in previous Plan Period so that proper methodology is adopted while implementing the ongoing schemes alongwith the new schemes. The Committee, therefore, recommend the Department to impress upon the State Governments and other agencies of the Central Government to extend full co-operation in the implementation of the Schemes. The Department may also review their methodology of implementation of the Schemes at the beginning of the XII Plan period so that the Schemes do not suffer the same problems as faced in XI Plan period.

**REPLY OF THE GOVERNMENT**

2.4 The recommendation of the Committee has been noted and the Department will make all efforts to receive full co operation in the implementation of the Schemes during XII Plan Period from State Governments and other agencies of the Central Government. Advance action has been initiated for evaluation of the existing schemes, so as to ensure their continuation in the 12th Plan at an early stage. Also, field visits of senior officers will be further intensified to ensure proper implementation of various schemes.

[Ministry of Consumer Affairs, Food & Public Distribution  
(Department of Consumer Affairs)  
F. No. H-11012/1/2012-P&C, Dated 23/07/2012]



**RECOMMENDATION (SL.NO.3, PARA NO. 2.14)**

2.5 The Committee are disturbed to note that there has been uneven trend in Quarterly Expenditure of the Department during the entire XI Plan Period which is attributed by the Department to procedural delays, submission of incomplete proposals by States/UTs/NGOs, non submission of Utilization Certificates, receipt of assessment report of independent evaluation agencies etc. The arguments of the Department do not seem to be convincing to the Committee. The Committee are of the view that incurring huge expenditure towards the fag end of the year merely to avoid surrendering of funds should be avoided as it does not help in smooth implementation of the Schemes. The Committee are also concerned to note that the State Governments are not furnishing Utilization Certificates in time in case of Schemes like Strengthening of Consumer Fora, Construction of Laboratories, etc. The Committee, therefore, recommend that the Department should make concerted efforts to ensure that the quarterly expenditure is incurred evenly as far as possible and avoid incurring bulk expenditure at the fag end of the financial year. The Department should also regularly monitor the implementation of the schemes by the States/UTs and also persuade them for timely submission of Utilization Certificates so that allocation of funds can be made to them in time.

**REPLY OF THE GOVERNMENT**

2.6 Noted for compliance.

[Ministry of Consumer Affairs, Food & Public Distribution  
(Department of Consumer Affairs)  
F. No. H-11012/1/2012-P&C, Dated 23/07/2012]

### **RECOMMENDATION (SL.NO.7, PARA NO. 3.28)**

2.7 The Committee are disappointed to note that despite its recommendation in previous Reports to fill up the vacant posts of President and Members in National Commission/State Commissions/District Fora for their effective functioning, the position has not improved much from the last year. 4 posts of Members in National Commission are lying vacant and 2 posts of President and 21 Members in the State Commission and 46 posts of President and 249 Members in the District Fora respectively are also vacant. The Committee, therefore, recommend that the Department should take immediate action to fill up the posts of Members in the National Commission and also impress upon the State Governments/UT Administrators to fill up the vacant posts of President and Members in State Commissions/District Fora at the earliest to ensure their smooth functioning, which consequently will lead to quick disposal of long pending cases in the Consumer Fora.

### **REPLY OF THE GOVERNMENT**

2.8 Out of aforesaid four (4) vacant posts of Members in National Consumer Disputes Redressal Commission (NCDRC), two candidates, who were offered letters of appointment, have already joined as Members (Judicial), NCDRC. One more candidate is likely to join as Member (Judicial), NCDRC very shortly. The process of filling up of one post of Member (Non-Judicial), NCDRC is in advanced stage and is likely to be completed shortly.

The issue regarding filling up of the posts of Presidents and Members in Consumer Fora in States/UTs is also discussed in the Annual Conferences with States/UTs organised by the NCDRC as well as in the Review Meetings conducted by the Department of Consumer Affairs from time to time. The State Governments have been advised to take action well in advance for filling up all the vacant posts. This issue is also regularly monitored by this Department through Periodical (Monthly & Quarterly) Reports received from States/UTs.

This matter has again been taken up with all the Chief Secretaries of States/UTs.

[Ministry of Consumer Affairs, Food & Public Distribution  
(Department of Consumer Affairs)  
F. No. H-11012/1/2012-P&C, Dated 23/07/2012]

**RECOMMENDATION (SL.NO.8, PARA NO. 3.29)**

2.9 The Committee are unhappy to note that implementation of the scheme 'Strengthening of Consumer Fora' is sometimes delayed due to non-allotment of land by States/UTs, procedural delays etc. and is not effectively functioning due to non-grant of financial assistance to States/UTs and also affected by lack of effective staff. The Committee are surprised to find that the Department does not maintain any details of States/UTs who have not been allotted land for the scheme. However, the Committee came to know that during the last plan period the SCF Committee had sanctioned grants to Government of Mizoram for infrastructure development and creating non-building assets as a suo-motto action. The Committee recommend that the Department should take sincere steps to avoid procedural delays in sanctioning financial assistance to States/UTs and also maintain details of the States/UTs who have not been allotted land under the Scheme. The Committee also hope that for the effective functioning of the Scheme the Department would exercise their authority of sanctioning grants to States/UTs on suo-motto basis as was done in the case of Mizoram during the last plan period.

**REPLY OF THE GOVERNMENT**

2.10 Noted for compliance.

[Ministry of Consumer Affairs, Food & Public Distribution  
(Department of Consumer Affairs)  
F. No. H-11012/1/2012-P&C, Dated 23/07/2012]

**RECOMMENDATION (SL.NO.10, PARA NO. 3.46)**

2.11 The Committee note that National Consumer Helpline (NCH) Scheme is a continuous scheme which was formally launched on March 2005 in collaboration with University of Delhi. About 10,000 complaints were received in the National Consumer Helpline annually out of which 35% are resolved. The Committee also note that the NCH do not have judicial powers to penalize. However, in order to strengthen the NCH, the performance of NCH was evaluated through GFK mode whose major recommendations were in favour of continuing the NCH Project. Accordingly the Department has started second phase of the Scheme commencing from March,2010 for a period of 3 years at a cost of Rs. 378 lakh. A number of important steps such as developing new software in association with NIC, monitoring the complaints received, providing regular counseling in English and Hindi, development of consumer friendly website portal etc, are being taken by the Department in the second phase of strengthening the NCH. The Committee hope that the Department would implement the second phase of strengthening of NCH Scheme as per the finding of the evaluation agency i.e. GFK Mode and recommend that all the States/UTs should also be sanctioned funds for setting up their respective State Consumer Helplines so that the consumer from any part of the country could avail of the Consumer Helplines services.

**REPLY OF THE GOVERNMENT**

2.12 Most of the recommendations of the Evaluation Agency i.e. GFK Mode have been accepted by the Department. National Consumer Helpline has been sanctioned funds for the 2<sup>nd</sup> Phase of the project commencing from March, 2010 for a period of 3 years at a cost of Rs.378 lakhs. As recommended by the Committee the Department will ensure that every State/UT Government sets up State Consumer Helpline so that the consumer can avail benefit of this scheme. So far funds have been made available to 26 States/UTs for setting up State Consumer Helpline. The Department has been taking up the matter of setting up of State Consumer Helpline by writing letters followed by reminders at various levels. A meeting was also convened under the Chairmanship of Secretary (CA) on 28.07.2011 with the Secretaries of the remaining States/UTs so as to impress upon them to set up the State Consumer Helpline without further delay. We have again taken up the matter with remaining States/UTs through demi-official letter at the level of Joint Secretary to expedite their reply at the earliest.

[Ministry of Consumer Affairs, Food & Public Distribution  
(Department of Consumer Affairs)  
F. No. H-11012/1/2012-P&C, Dated 23/07/2012]

### **RECOMMENDATION (SL.NO.12, PARA NO. 4.10)**

2.13 The Committee observe that a Pilot Scheme was implemented during 2007-10 for strengthening of Weights and Measures Infrastructure of States/UTs wherein for better implementation of weight and measures laws to ensure better consumer protection, 41 Units of Mobile Kits for testing Weighbridges and 59 Sets of Secondary Standards Balances had been supplied to various States/UTs. Further, a new scheme with an outlay of Rs. 143.286 crore also has been approved in October 2009 to augment State's Legal Metrology Department infrastructure in holistic way. Under the scheme, 200 Metrological Officials of States/UTs have been trained at National Physical Laboratory (NPL), New Delhi, National Institute of Science and Technology (NIST), Orissa and Fluid Control Research Institute (FCRI), Kerala. The Committee hope that the performance and effectiveness of the 41 Mobile Kits for testing weighbridges and 59 sets of Secondary Standards balances supplied to various States/UTs under the pilot scheme might have been evaluated for replication in other parts of the country. While assuming that those 200 Metrological Officers of States/UTs who have been given training at various Institutes are being deployed at vantage positions, the Committee recommend that more Metrological Officers of the States/UTs should be given further training so as to build sufficient human resources reserve to be employed for strict implementation of the Weights and Measures Laws for the benefit of ignorant or illiterate mass consumers throughout the country. The Committee further recommend that the renovation work of IILM, Ranchi be expedited and completed without further delay so that the Institute becomes functional as a Centre of Excellence.

### **REPLY OF THE GOVERNMENT**

2.14 The performance and effectiveness of the mobile kits for testing weighbridges was evaluated and on the basis of the performance and requirement 37 number of smaller size mobile kits for testing weighbridges were supplied to various States/ UTs during 2009-12.

The recommendation of the Committee has been noted for the training of more Legal Metrology Officers at National Physical Laboratory (NPL) New Delhi, National Institute of Training and Standardisation (NITS) Noida and Fluid Control Research Institute (FCRI) Kerala. Advanced training at internationally reputed institutions such as PTB, Germany and NMO, UK is also being looked at for the Legal Metrology Officers under the capacity building programme.

The recommendation of the Committee has been noted and all necessary steps will be taken to expedite and complete the renovation work of IILM, Ranchi without further delay.

[Ministry of Consumer Affairs, Food & Public Distribution  
(Department of Consumer Affairs)  
F. No. H-11012/1/2012-P&C, Dated 23/07/2012]

**RECOMMENDATION (SL.NO.13, PARA NO. 4.11)**

2.15 The Committee note that the BE, RE and AE have always been less than Rs. 1 crore continuously during the years 2009-10, 2010-11 & 2011-12 under the scheme "Regulation of Weights and Measures". However, the Department has been allocated BE of Rs. 4.62 crore for the year 2012-13 under the scheme. The Committee find that during the years 2010-11 and 2011-12, Grant-in-Aid had not been given to some States viz., Chhattisgarh, Haryana, Himachal Pradesh, Jharkhand, Mizoram, Punjab and West Bengal as well as UTs such as Chandigarh, Dadra & Nagar Haveli, Daman & Diu, Lakshweep and Puducherry for the scheme "Strengthening Weights and Measures infrastructure of States/UTs". The Committee would like to be apprised of the reasons therefore and also desire that Grant-in-aid be provided to the remaining States/UTs also for strengthening their Weights and Measures infrastructure for better protection of consumer interests. The Committee further note that the Department has been making efforts to give High Precision Mass Comparators, Reference Standards Weights, Flow Meter Testing, Force Testing, Torque Testing and Electro-magnetic Test Facilities to the RRSs for better consumer protection. Considering that sufficient Budgetary Allocation has been made during the year 2012-13, the Committee desire that the Department should make all out efforts to make full utilization of the allocated funds and ensure that the Calibration of the Weights and Measures of the RRSs are improved at international standards.

**REPLY OF THE GOVERNMENT**

2.16 Grant-in-Aid has not been given to some States/UTs viz., Chhattisgarh, Mizoram, West Bengal and Puducherry during the years 2010-11 and 2011-12 since these States were given Grant in Aid during 2009-10 as per their requirement. Also these States could not provide the Utilization Certificate of the grant in aid released during 2009-10, which is necessary to release any further grant in aid. The other States viz. Haryana, Himachal Pradesh, Jharkhand and Punjab were given Grant in Aid during 2010-11 and 2011-12. UTs such as Chandigarh, Dadra & Nagar Haveli, Daman & Diu and Lakshadweep were not given any Grant in Aid during the years 2010-11 and 2011-12 as there was no demand for the Grant by most of these UTs.

Grant in Aid has already been issued to 29 States/ UTs during the period from 2009 to 2012. As per the recommendation of the committee full efforts will be made to provide Grant-in-Aid to the remaining States/UTs for strengthening their Weights and Measures infrastructure for better protection of consumer interests.

The recommendation of the Committee has been noted. All efforts will be made to fully utilize the allocated funds and to ensure that the Calibration of the Weights and Measures of the RRSs are improved and brought at par with international standards.

[Ministry of Consumer Affairs, Food & Public Distribution  
(Department of Consumer Affairs)  
F.No. H-11012/1/2012-P&C, Dated 23/07/2012]

**RECOMMENDATION (SL.NO.14, PARA NO. 5.18)**

2.17 The Committee note that the Department of Consumer Affairs monitors the prices of essential commodities through the Price Monitoring Cell (PMC). Earlier the retail prices were being monitored on daily basis from 27 collection centres and the wholesale prices are monitored on weekly basis from 37 collection centres across the country. The numbers of reporting centres both for retail as well as wholesale prices monitoring on daily basis have been increased to 49 centres during 2011-12. The number of essential commodities monitored was increased from 17 items to 22 items with the addition of 4 items and 1 item of essential commodities during the year 2010-11 and 2011-12 respectively. The PMC studies the domestic market and international trends of major commodities from various sources for consideration at the High Level Meetings such as Committee of Secretaries (COS) and Cabinet Committee on Prices (CCP) held regularly. Despite all these steps and efforts made by the Department, the Committee find that the prices of some of the essential commodities such as Gram Dal, Mustard Oil, Sunflower Oil, Tea etc. continue to grow as is evident from the table showing details of variation in retail prices of essential commodities in Delhi over a period of one year as on 14.03.2012. The Committee are of the view that increase in the number of collection centres and better analysis of the information so collected will go a long way in controlling the prices of essential commodities. The Committee, therefore, recommend that the Department should make efforts to set up more reporting centres across the country to improve data collection and also strengthen their monitoring mechanism so as to stabilize the prices of essential commodities.

**REPLY OF THE GOVERNMENT**

2.18 While agreeing with the above recommendation, it is to state that, one of the new schemes proposed is 'Strengthening of the Price Monitoring Cell', for which the allocation proposed is Rs.3.00 crore for the year 2012-13. Necessarily, the price data being obtained have to be made sufficiently authentic, representative and robust. To facilitate this, the number of centres reporting prices across the country is proposed to be increased from 49 at present to about 100 during the XII Plan Period. During each year of the Plan Period, 10 new centres are proposed to be included. As part of this initiative, the State Governments of Odisha and Kerala have already been requested to add three more centres. After consultation with States and concerned Central Ministries, additional items are also proposed to be included for price monitoring.

[Ministry of Consumer Affairs, Food & Public Distribution  
(Department of Consumer Affairs)  
F.No. H-11012/1/2012-P&C, Dated 23/07/2012]



### **RECOMMENDATION (SL.NO.15, PARA NO. 5.19)**

2.19 The Committee note that out of 49 Centres, only 28 Centres enter online the entry of retail and wholesale prices. About 14 Centres send the price data by Fax and 5 Centres by E-mail. To overcome the challenges of uniformity in transmission data mechanism and methodology for collection of data from States, the Department is conducting training programmes/ workshops including online reporting of prices for the officers of PMC and Price Reporting Cells of States/UTs from time to time. The PMC subscribes the services of agencies such as Newswire 18 and Agriwatch for getting latest inputs on national/international scenario of various commodities. The staff of PMC has also been trained on accessing data and reports from these websites. Representatives from 20 State Governments have also been provided training for on-line entry of data in the NIC software developed for price reporting. While appreciating the Department for taking all such steps, the Committee desire that more training programmes for the officials of PMC and Price Reporting Cells of the States/UTs as well as workshops at National/State levels need to be organized/conducted frequently. The Committee further recommend that the existing methodology and practices of price collection in the Reporting Centres of States/UTs be reviewed at regular intervals with a view to effect improvements.

### **REPLY OF THE GOVERNMENT**

2.20 It is planned to strengthen the PMC at the Centre, the reporting units in the States as well as investing in NIC at the Central level by purchasing required hardware and software.

The details in this regard are furnished as below:-

#### **A. Strengthening of Price Monitoring Cell at the Centre**

1. Organising training programmes to facilitate capacity building of existing manpower in PMC.
2. Subscribing to the web services of Progressional Organisations engaged in the field. This is required to undertake research work related to availability and trend of prices of essential commodities.
3. Hiring professionals (Domain experts) from the open market that may include Agricultural Economists, Statisticians and Econometricians for a more detailed analysis.
4. Engaging private organisations for conducting research studies and surveys.

## **B. Strengthening of Price Monitoring Cell in States**

1. By getting trained manpower employed in the collection and tabulation of data at the State level. A suitable Data Entry Operator (DEO) can be selected by the State Governments dedicated to price collection and monitoring that could be supported by the Centre whenever necessary.
2. By organizing regular workshops at the regional and national level to get the feedback from field workers and discuss the practical problems being faced in the collection and reporting of prices.
3. By providing IT infrastructure such as computers, printers and UPS etc. in respect of new centres to be taken up and upgradation in respect of hardware already given.
4. By increasing the sample size in order to obtain representative sets of price data. With a designated DEO at each centre, States could be encouraged to progressively increase the number of centres from 49 (existing) to 100 by the end of XII Plan. This will enhance the robustness of the data.

Initiatives are underway for imparting training, holding workshops and strengthening IT infrastructure during the current year.

[Ministry of Consumer Affairs, Food & Public Distribution  
(Department of Consumer Affairs)  
F.No. H-11012/1/2012-P&C, Dated 23/07/2012]

### **RECOMMENDATION (SL.NO.17, PARA NO. 6.14)**

2.21 The Committee note that to bring Hallmarking of Gold Jewellery mandatory in the country, the Cabinet has approved the proposal for amendment of the BIS Act on 4<sup>th</sup> January, 2012. It is stated that the salient features of the proposed amendment of the Act include, among others, empowering the Government to make mandatory standards for any product/process, making hallmarking of precious metal articles mandatory in phases from the present voluntary scheme, enable India to implement international conventions like the Vienna Convention which requires member countries to recognize the international mark, increase punishment from Rs. 50,000 to Rs. 5 lakh and with a minimum of Rs. 2 lakh (at present there is no minimum fine), to allow BIS to compound offences etc. The Committee are of the view that all these proposal are necessary to make Hallmarking of Gold Jewellery mandatory in the country with a view to ensure better protection of the interest of consumers. The Committee are aware that the purity and quality of Gold Jewellery is not always commensurate with the value of money paid by the customers, as the gold jewellery are not hallmarked by BIS authorized hallmarking Centres. The Committee are of the view that displaying the rate of gold applicable for the day (whether the previous working day's closing or opening rate/the current market rate on the day of buying) which the jewellery shops should charge from the buyers as well as hallmarking rates being charged per ornament by BIS would go a long way in protecting the interests of the consumers. The Committee, therefore, recommend that the Department should issue instructions to all the jewellery shops in the country to mandatorily display the gold rate as well as the rates being charge per ornament by the BIS for hallmarking the gold jewellery so that the consumers are made aware of the price of gold to be paid by them. This will encourage people to buy more and more BIS hallmarked jewellery. The Committee further desire that the Department should expedite completion of the formalities and introduce the Bill to amend the BIS Act in Parliament during the current Budget Session.

### **REPLY OF THE GOVERNMENT**

2.22 The recommendations of the Committee to issue instructions to BIS Licences Jewellers for displaying the hallmarking charges has been noted and would be complied with. Action would also be taken to display the Gold rate for the day.

Action is being taken for early amendment to the BIS Act.

[Ministry of Consumer Affairs, Food & Public Distribution  
(Department of Consumer Affairs)  
F.No. H-11012/1/2012-P&C, Dated 23/07/2012]

### **RECOMMENDATION (SL.NO.19, PARA NO. 7.9)**

2.23 The Committee note that the State Governments/UT Administrations have been delegated the powers to prevent hoarding and black-marketing of essential commodities under the provisions of the Essential Commodities Act, 1955 and the Prevention of Black-marketing and Maintenance of Essential Commodities Act, 1980. The Committee are surprised to note that despite the standing orders issued by the Government to all States Governments/UT Administration to submit monthly reports indicating action taken under the provisions of both the Acts. within 7 days of the date approval of detention orders by the State Governments, only 6 States viz. Gujarat, Tamil Nadu, Orissa, Maharashtra, Andhra Pradesh and Chhattisgarh have furnished the information regarding detention orders issued by them during the years 2009, 2010 and 2011 and the remaining States/UTs have not furnished any such information. The Committee are neither apprised of the reasons why the remaining States/UTs have not furnished the requisite information nor any action taken against the defaulting States/UTs. The Committee, therefore, strongly recommend that the Department of Consumer Affairs should monitor the enforcement of these Acts by the State Governments/UT Administration even more stringently and also make every effort to convince and persuade the remaining States/UTs to strictly enforce the two Acts and also to furnish the requisite information regularly.

### **REPLY OF THE GOVERNMENT**

2.24 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 hoarding and blackmarketing of essential commodities.

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 as an ongoing process. These include d.o. letters, conferences with Food Secretaries/Chief Secretaries of States/UTs including Video Conferences.

A Conference of CMs was held on 06.02.2010, which was presided over by the Hon'ble Prime Minister to consider measures to insulate the poor and vulnerable from adverse price movements. As a follow up, a Core Group of some CMs and concerned Central Ministers met under the Chairmanship of Hon'ble Prime Minister on 08.04.2010 and recommended inter alia setting up of a Working Group on Consumer Affairs (under the Chairmanship of CM Gujarat with CMs of Andhra Pradesh, Tamil Nadu and Maharashtra as its Members) to suggest strategies and plan of action for reducing the gap between farmgate and

retail prices and recommend measures for amendment to and better implementation of the Essential Commodities Act, 1955. These include the improvement of distributional efficiency, reducing intermediation costs, promoting State intervention for retailing essential commodities at reasonable prices and enforcement of Statutory provisions with a view to meeting both short and long term goals. The Working Group on Consumer Affairs has submitted its report on 02.03.2011.

In January, 2011 Video Conferences were held by Cabinet Secretary/Secretary with Chief Secretaries of all States/UTs reiterating the need for enforcement of the provisions of EC Act and PBM Act to curb malpractices and provide adequate supplies of essential commodities at affordable prices and if required use State intervention and facilitate alternate arrangements for augmenting supplies of essential commodities.

Hon'ble MOS (I/C), CAF&PD has also written to Chief Ministers of all States/UTs on this issue vide letter dt.04.02.2011.

Hon'ble MOS (I/C), CAF&PD had convened a meeting of the Ministers of Food/PD/ Consumer Affairs of South Zone on 03.02.2011 at Thiruvananthapuram (Kerala) inter-alia, to control rise in prices and ensure adequate availability of essential commodities at affordable prices for consumers. Similar meetings were also held on Zonal basis for North Zone (on 07.02.2011 at New Delhi), East Zone (on 14.02.2011 at Kolkatta) and West Zone (on 17.02.2011 at Mumbai).

Earlier Secretary(CA) has also written vide D.O. letter dated 09.04.2012 to all Chief Secretaries urging, among others, to make effective use of both the aforesaid Acts. The issue of effective use of the Essential Commodities Act, 1955 and Prevention of Blackmarketing and Maintenance of Supplies of Essential Commodities Act, 1980 has also been highlighted by the Additional Secretary of this Department in a meeting held on 14.03.2012 with the concerned Secretaries of Food and Civil Supplies of the State Governments.

Recently Additional Secretary (CA), Secretary (CA) vide their D.O. letter dated 17.04.2012 and 15.05.2012 respectively. has reiterated to the State Government/UTs regarding low conviction rate under EC Act, 1955, timely submission of Monthly Action Reports and handling of PBMMSEC detention cases requesting to comply with the recommendations contained in the Eighteenth Report of the Parliamentary Standing Committee on Food, Consumer Affairs and Public Distribution.

[Ministry of Consumer Affairs, Food & Public Distribution  
(Department of Consumer Affairs)  
F. No. H-11012/1/2012-P&C, Dated 23/07/2012]

### **RECOMMENDATION (SL.NO.20, PARA NO. 7.10)**

2.25 The Committee note that the number of raids conducted, numbers of persons arrested, prosecuted and convicted as well as the value of goods confiscated during the years 2009, 2010 and 2011 are very negligible given the large population and size of the country. The Committee observe that the number of Persons convicted was only 127 against 5131 persons prosecuted in the year 2009, 161 against 4539 persons prosecuted during the year 2010 and only 30 against 4486 persons prosecuted in the year 2011 which only reflects the non-serious approach by the State Governments/UT Administrations with regard to proper enforcement of the provisions of Essential Commodities Act, 1955 and the Prevention of Black-marketing and Maintenance of Essential Commodities Act, 1980. The Committee are not satisfied with the performance of the States/UTs. The Committee, therefore, recommend that the Department of Consumer Affairs should impress upon all the State Governments/UT Administrations to enforce the provisions of these two Acts more vigorously and also conduct raids more frequently in order to not only curb malpractices, profiteering and hoarding but also to check and prevent rise in prices of essential commodities due to artificial scarcity of goods created by traders through hoarding and black-marketing of essential commodities.

### **REPLY OF THE GOVERNMENT**

2.26 The Central Government by virtue of Section-5 of the Essential Commodities Act, 1955 have delegated powers to State Governments/UTs to ensure availability and supply of essential commodities to the consumers. Accordingly the State Governments/UTs have issued control orders under Section-3 of the said Act for regulating the distribution of essential commodities. It also empowers the District Collectors/District Magistrates to take necessary action under Essential Commodities Act, 1955 like searching premises of the dealers/traders and seizing of essential commodities illegally hoarded so as to avoid malpractices in respect of such essential commodities. Therefore, the District Authorities conduct regular raids on such premises where essential commodities are stored. Such raids are being carried out very frequently, though the numbers may vary. However, during such searches if some malpractices are noted, the stocks are seized and thereby confiscated under the powers conferred under 6(A) of the Essential Commodities Act, 1955. Considering the graveness of such malpractices the District Authorities lodge FIRs in the respective Police Stations and thereafter the cases are moved to the Courts for decision. It is for the Court to decide on convicting the person found indulging in malpractices of essential commodities or to acquit him. It is however, seen that the number of convictions by the Courts are normally very less in numbers. Therefore, there is a big gap between the number of raids conducted by the State Governments and the convictions made by the Courts.

Moreover, going by the 'NIL' reports sent by some State Govts./UTs, it can be presumed that these State Govts./UTs might not have conducted any raids nor have detained any persons for indulging in malpractices in essential commodities. In respect of those States/UTs, who have not sent any "monthly action taken report", it would be very difficult to come to any conclusion on the action taken by them under the Essential Commodities Act, 1955 and Prevention of Blackmarketing and Maintenance of Supplies of Essential Commodities Act, 1980.

Background and the steps taken by the Central Government for effective implementation of both the Acts have already been explained in reply to **Point No.7.9 above.**

[Ministry of Consumer Affairs, Food & Public Distribution  
(Department of Consumer Affairs)  
F. No. H-11012/1/2012-P&C, Dated 23/07/2012]

### **RECOMMENDATION (SL.NO.21, PARA NO. 7.11)**

2.27 The Committee note that in order to check hoarding and black-marketing of essential commodities, the Government has taken several steps such as writing letters by Hon'ble Union Minister to all Chief Ministers of States/UTs, Meeting of Hon'ble Union Minister with Ministers of Food/PD/Consumer Affairs of States/UTs, Conference of Chief Ministers, Video Conference by Cabinet Secretary/Secretary with Chief Secretaries/Food Secretaries of all States/UTs, imposing of stock holding limits in respect of certain essential commodities. While appreciating all these steps taken by the Government, the Committee, however, cannot but point out that much more needs to be done in order to check hoarding and black-marketing of essential commodities by the States/UTs as there are reports of rampant malpractices and corruption in different parts of the country. The Committee, therefore, recommend that the Department should take up the matter with all such State Governments/UT Administrations to identify their problems in implementation of the provisions of the PBMMSEC Act and convince them to properly enforce the EC Act and PBMMSEC Act in order to curb malpractices, corruption, profiteering and hoarding of essential commodities by the traders.

### **REPLY OF THE GOVERNMENT**

2.28 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 hoarding and blackmarketing of essential commodities.

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.

Earlier Secretary(CA) has also written vide D.O. letter dated 09.04.2012 to all Chief Secretaries urging, among others, to make effective use of both the aforesaid Acts. The issue of effective use of the Essential Commodities Act, 1955 and Prevention of Blackmarketing and Maintenance of Supplies of Essential Commodities Act, 1980 has also been highlighted by the Additional Secretary of this Department in a meeting held on 14.03.2012 with the concerned Secretaries of Food and Civil Supplies of the State Governments.

Recently vide Additional Secretary (CA)'s D.O.letter dated 17.04.2012, Department's reminder dated 04.05.2012 and Secretary (CA)'s D.O.letter dated



15.05.2012 respectively to the State Governments/UT Administrations it has been requested that States/UTs may inform about the difficulties being faced in enforcing the Acts, hurdles in the implementation of penal provisions contained in the EC Act, administrative constraints in enforcing the provisions of the Acts etc.

[Ministry of Consumer Affairs, Food & Public Distribution  
(Department of Consumer Affairs)  
F. No. H-11012/1/2012-P&C, Dated 23/07/2012]

### **RECOMMENDATION (SL.NO.22, PARA NO. 8.15)**

2.29 The Committee note that in a free market economy, futures trading perform two important economic functions, viz., price discovery and price risk management. Keeping in view its importance to all sectors of the economy, the Department of Consumer Affairs/FMC has taken major initiatives during the last decade such as lifting of futures trading in all commodities, recognition of National/Regional Commodities Exchanges, commencement of futures trading in gold and silver after a ban of more than four decades, improvement of regulatory framework and re-structuring of Forward Markets Commission etc. The Forward Markets Commission has also taken several regulatory initiatives during the year 2011-12 including issue of Guidance Manual for Audit of Members of Commodity Futures Exchanges, finalizing a common Know Your Client (KYC) format, issue of Guidelines related to Investor Protection Fund, etc. The Committee hope that all such initiatives taken by the Department/Commission are done in larger public interest and are complementary to their suggestions as contained in the report on the Forward Contracts (Regulation) Amendment Bill, 2010 that was presented to the Parliament on 6<sup>th</sup> December, 2011.

### **REPLY OF THE GOVERNMENT**

2.30 The inspection of members of Exchanges both by FMC and Exchanges has been one step which has contributed towards strengthening controls & ensuring transparency through better compliance. The FMC/ Exchanges have been conducting inspection of members on regular basis. However, a need was felt to ensure that such inspections are comprehensive and cover all aspects of regulatory regime in place. Therefore Forward Market Commission has come out with Guidance Manual for Audit of Members of Commodity Futures Exchanges. This Guidance Manual broadly covers various aspects related to trading in Commodity Future Markets including regulatory aspects and provides broad guidelines for conducting such inspections.

The Investor Protection Fund was operationalised and all the Exchanges transferred a total of Rs.64.67 Crore to this Fund and separate Trusts were being set up to operate the Fund. This has been a very significant contribution to protection of investors in this market which would increase their confidence and hence their participation in the market increasing its breadth and depth.

FMC has prescribed a common KYC form and documents to enable the clients to register in more than one exchange with use of the uniform KYC form and documents.

Thus, FMC has reported that it has taken all such initiatives which are in larger public interest and are also meant to strengthen the market thus complementary to its suggestions as contained in the report on the Forward Contracts (Regulation) Amendment Bill, 2010 that was presented to the

Parliament on 22<sup>nd</sup> December, 2011 (not 6<sup>th</sup> December, 2011). The FMC will continue taking such initiatives which shall further improve market integrity, financial integrity as well as customer protection in this market.

[Ministry of Consumer Affairs, Food & Public Distribution  
(Department of Consumer Affairs)  
F.No. H-11012/1/2012-P&C, Dated 23/07/2012]

**RECOMMENDATION (SL.NO.23, PARA NO. 8.16)**

2.31 The Committee note that the Forward Markets Commission has an effective strength of 77 Officers/Staff against the sanctioned strength of 132 Officers/Staff. The Committee find that besides there being a large number of vacancies, the SC/OBCs communities are also not adequately represented in Group A,B&C categories and the STs are not represented at all in these categories of employees. The Committee note that despite the advertisements given several times during the last 7 years, the posts of Director/Deputy Secretary/Deputy Director could not be filled up due to non availability of suitable candidates. The Committee are of the view that existence of such a large number of vacancies in a small organization like the FMC would hamper its functioning. The Committee, therefore, strongly urge the Department/FMC to make further sincere efforts to fill up all the vacancies in all categories of posts. The Department/FMC should also try and recruit Officers/Staff belonging to SC/ST/OBC to the extent reservations are made for them as per rules.

**REPLY OF THE GOVERNMENT**

2.32 The recommendation of the Committee has been noted and further action is being taken to fill up the vacancies in all categories of posts as per the rules.

[Ministry of Consumer Affairs, Food & Public Distribution  
(Department of Consumer Affairs)  
F.No. H-11012/1/2012-P&C, Dated 23/07/2012]

**RECOMMENDATION (SL.NO.24, PARA NO. 8.17)**

2.33 The Committee are surprised to note that despite the Regulatory Mechanism in FMC in place, there are reported cases of trading irregularities and market manipulations. The Committee further note that a complaint received by the FMC in December, 2010 relating to irregularities in National Multi Commodity Exchange, Ahmedabad has been investigated and certain malpractices of the anchor promoter of NMCE were detected for which appropriate directions were given to the Board of Exchange for taking further steps as per law. The Hon'ble High Court of Gujarat, Ahmedabad set aside the order of FMC on 09.02.2012 on the petition by the promoter. Subsequently, the Apex Court stayed the order of the High Court of Gujarat and restored FMC's Order on 22.03.2012 on an SLP filed by FMC. It is further stated that such cases are enquired into by FMC under the provisions of Forward Contracts (Regulation) Act, 1952 and appropriate action taken thereon. The Committee are of the view that those powerful traders indulged in malpractices have no fear of the authority conferred on FMC under the Forward Contracts (Regulation) Act, 1952 nor are they bothered about the fine that can be imposed on them. The Committee, therefore, recommend that the Department/FMC should seriously consider that cases of malpractice noticed in the National/Regional Commodity Exchanges should be handed over to the CBI for proper and thorough investigation so that the offenders, however wealthy and powerful they may be, are brought to justice.

**REPLY OF THE GOVERNMENT**

2.34 The complaints of irregularities are enquired into by FMC under the provisions of Forward Contracts (Regulation) Act, 1952. Further, violations of other laws are referred to the concerned departments/organizations under Rule 13 of the Forward Contracts (Regulation) Rules, 1954. FMC has reported that in case it finds that the complaints are of such nature that the same require investigations by an external investigating agency, it would make such a recommendation to the Ministry.

[Ministry of Consumer Affairs, Food & Public Distribution  
(Department of Consumer Affairs)  
F. No. H-11012/1/2012-P&C, Dated 23/07/2012]

**CHAPTER-III****RECOMMENDATION (SL. NO. 18, PARA NO. 6.18)**

3.1 The Committee note that the Bureau of Indian Standards (BIS) is making efforts to build Human Resource Development/Capacity Building in Education Institutions to promote a responsible and responsive consumer movement in the country in line with the best practices in the developed countries. In this regard, efforts are being made to frame curriculum on standardization in five Sectors i.e. Agriculture, Civil Engineering, Mechanical Engineering, Information Technology and Home Science. It is stated that once the curriculum is finalized in consultation with the selected universities/technical institutions and the experts nominated by the AICTE, UGC, etc, it will be introduced in the identified 21 institution/universities and technical institutions. The Committee are surprised to learn that evolution of curriculum is still in progress in consultation with the identified Universities/Institutes though the scheme was approved way back on 27<sup>th</sup> March, 2008 with an outlay of Rs 7.00 crores. The Committee, therefore, strongly recommend that the Department should look into the matter and expedite finalization of the scheme on top priority for being implemented from the next academic session.

**REPLY OF THE GOVERNMENT**

3.2 The Scheme namely Human Resource Development/Capacity Building in Educational Institutions was approved on 27 March 2008 for evolution of curriculum with an outlay of Rs.7 crores.

Meetings of the Monitoring Committee were held on 08 Oct 2008, 24 July 2009, 08 Sep 2009, 09 March 2010, 07 July 2010 & 18 Aug 2010.

BIS made efforts to frame curriculum on standardization in five sectors namely Agriculture, Technical Sector, Food & Hotel Management Sector, IT Sector & Management Sector. Twenty one institutions/universities were shortlisted for Pilot visits; however, based on the response received, pilot visits could be made to 13 institutions. Working Groups were constituted in each sector and Meetings of three Working Groups viz. Agriculture Sector, Technical Sector & Management Sector were held followed by meeting of Core Group of Technical Sector. Various stakeholders did not show much interest in fulfillment of the objective of the scheme. It was discussed during the meeting of the Working Group on Consumer Protection for the 12<sup>th</sup> Plan held on 19 May 2011 that scheme is not required to be continued in the 12<sup>th</sup> Plan.

[Ministry of Consumer Affairs, Food & Public Distribution  
(Department of Consumer Affairs)  
F.No. H-11012/1/2012-P&C, Dated 23/07/2012]

## **CHAPTER-IV**

### **RECOMMENDATION (SL. NO. 9, PARA NO. 3.40)**

4.1 The Committee find that during XI Plan Period Actual Expenditure (on the Non-Plan side) in Consumer Welfare Fund remained low throughout the Plan period. The Committee further note that so far only 21 States/UTs have set up Consumer Welfare Fund in their States. The Committee are not in agreement with the views expressed by the Department that small quantum of grant appears to be the reason for not setting up Consumer Welfare Funds by the remaining States/UTs. The Committee are dismayed to note that though in case of 13 special category States, the ratio of 'Seed money' has been enhanced to 90:10, the Department has furnished the details of only 7 States which have been sanctioned funds for creating their own Consumer Welfare Fund. As far as the Scheme for setting up of consumer clubs in Schools and Colleges is concerned, the Committee note that so far 7,249 consumer clubs have been sanctioned funds in 23 States. The Committee are surprised to find from the submission of the Ministry that the remaining States are not interested to implement the Scheme as the main reluctance of the States is due to their pre-occupation with PDS issues and lesser concern for consumer issues. The Committee not convinced with the view of the Department and desired the Department to find out the actual reasons for the reluctance shown by the remaining States/UTs for not implementing the Schemes under Consumer Welfare Fund. The Committee, therefore, recommend that the Department should impress upon the State Governments/UT Administrations not only to set up Consumer Welfare Fund and Consumer Clubs in remaining States/UTs, but also to encourage them to avail the benefits of the other Schemes under Consumer Welfare Fund so as to promote and protect the welfare of the consumer.

### **REPLY OF THE GOVERNMENT**

4.2 The Department has been vigorously taking up the matter of setting up of State Consumer Welfare Fund and Consumer Clubs with the concerned Secretaries/Chief Secretaries (CA) of the States/UTs through various communications requesting them to avail the benefit of these schemes under Consumer Welfare Fund so as to ensure speedy implementation of the schemes. Matter has again been taken up with remaining States/UTs through demi-official letter at the level of Joint Secretary.

[Ministry of Consumer Affairs, Food & Public Distribution  
(Department of Consumer Affairs)  
F. No. H-11012/1/2012-P&C, Dated 23/07/2012]

### **Comments of the Committee**

4.3 Please see Para No. 1.8 of Chapter – I of the Report.

**RECOMMENDATION (SL.NO.11, PARA NO. 3.52)**

4.4 The Committee are happy to note that the Department is in the process of developing Consumer Awareness Index to ascertain the level of awareness amongst the consumers. The Committee feel that spreading consumer awareness is directly proportional to the effectiveness of Consumer Movement in the country. The Committee hope that this initiative on the part of Department would bring the Consumer Movement in the Country at the international level. The Committee, however, are constrained to note that Actual Expenditure under the Scheme Programme for Consumer Awareness has been constantly less than the RE during the entire XI Plan Period. The Committee, therefore, desire that the entire funds allocated for spreading consumer awareness in the country be fully utilized so as to successfully develop the Consumer Awareness Index on real terms and recommend the Department to take pro-active steps to educate the consumers about their rights and responsibilities so that they do not get carried away by misleading advertisements.

**REPLY OF THE GOVERNMENT**

4.5 The observation of the committee has been noted for guidance. Extra efforts will be made for full utilization of allocated funds.

[Ministry of Consumer Affairs, Food & Public Distribution  
(Department of Consumer Affairs)  
F. No. H-11012/1/2012-P&C, Dated 23/07/2012]

**Comments of the Committee**

4.6 Please see Para No. 1.11 of Chapter – I of the Report.



### **RECOMMENDATION (SL.NO.16, PARA NO. 6.13)**

4.7 The Committee note that 181 Assaying and Hallmarking Centres have been recognized by BIS for certifying gold jewellery articles. As on 29<sup>th</sup> February, 2012, a total of 9352 Jewellers have been certified by BIS for hallmarked gold jewellery and 558 jewellers for hallmarked silver jewellery/artifacts. The Committee are surprised to note that in another reply to a query, the Department has stated that there are 186 Assaying and Hallmarking Centres in the country recognized by the Government. Out of these, only 39 Hallmarking Centres are set up with the Central Assistance and the larger numbers of 147 Hallmarking Centres are set up without any Central Assistance. It is clearly evident from this fact that either the present quantum of financial assistance given by the Central Government for setting up Hallmarking Centres is insufficient to attract the prospective entrepreneurs or the formalities for availing the same is too complex, if not both. It is also stated that after enhancement of the subsidy in Government Scheme, the Department have received 42 applications, out of which 14 applications have been granted recognition by the Department. The Committee hope that the Department would consider the remaining applications also for granting recognition at the earliest and facilitate the one PSU who has proposed to set up a Hallmarking Centre in Assam. The Committee further recommends that the Department should review the formalities of the Government Scheme to make it as simple as possible and also to suitably increase the amount of financial assistance given under the Hallmarking Scheme so as to attract entrepreneurs to come forward and set up Hallmarking Centres not only in Metropolitan Cities but also in hilly and remote rural areas throughout the country.

### **REPLY OF THE GOVERNMENT**

4.8 In addition to the two reasons cited above (for the insignificant number of applicants coming under the scheme), another important reasons is the commercial viability of running the A & H Centre, i.e., the operational cost. If Centre is not getting enough business of testing and hallmarking the jewelleryes, the cost of operation may exceed the income.

To make the Scheme more attractive, the Govt. has reviewed it from time to time and on the basis of the recommendations of the 9<sup>th</sup> Parliamentary Standing Committee, the rates of subsidy has been revised and substantially increased w.e.f. 9 December 2010 for all categories i.e. normal, rural areas, North East and special category states, with first time introduction of category of PSUs with higher rates in the Scheme. However, the recommendations of the committee have been noted for further consideration, during the implementation in the 12<sup>th</sup> Plan.

[Ministry of Consumer Affairs, Food & Public Distribution  
(Department of Consumer Affairs)  
F. No. H-11012/1/2012-P&C, Dated 23/07/2012]

**Comments of the Committee**

- 4.9 Please see Para No. 1.14 of Chapter – I of the Report.

## **CHAPTER-V**

### **RECOMMENDATION (SL.NO.4, PARA NO. 3.25)**

5.1 The Committee note that the project Computerization and Computer Networking of Consumer Fora (CONFONET) was launched during the X Plan period in March, 2005 at a cost of Rs. 48.64 crore. The project had been extended to XI Plan with a total outlay of Rs. 25.69 crore to be implemented by the National Informatics Centre (NIC) on a turnkey basis. The Committee are unhappy to note that as on January, 2012, out of 638 locations being covered, the CONFONET is operational in only 342 Consumer Fora. It is also stated that only 268 Consumer Fora are uploading cause lists while only 186 Consumer Fora are uploading judgements. In the opinion of the Committee, it is high time that the project is implemented fully which was launched way back in the year 2005. The Committee, therefore, recommend that the Department should impress upon the National Informatics Centre (NIC), the Project implementing agency, to expedite implementation of the project and ensure that the project is made operational in all the 638 Consumer Fora.

### **REPLY OF THE GOVERNMENT**

5.2 The matter regarding expeditious implementation of the 'CONFONET' project and ensuring that the project is made operational in all the Consumer Fora has been taken up at the level of Secretary, Consumer Affairs with the Director General, National Informatics Centre (NIC), the Project implementing agency.

[Ministry of Consumer Affairs, Food & Public Distribution  
(Department of Consumer Affairs)  
F. No. H-11012/1/2012-P&C, Dated 23/07/2012]

### **RECOMMENDATION (SL. NO. 5, PARA NO. 3.26)**

5.3 The Committee note that under the Scheme 'Strengthening of Consumer Fora' BE was Rs. 100.62 crore during XI Plan period, which was reduced to Rs. 65.79 crore at RE stage. However, actual expenditure incurred was Rs. 71.09 crore (upto 31.03.2012) and the financial assistance has been released by the Central Government to 23 States only during the entire XI Plan period. The Committee further note that during 2011-12, against an outlay of Rs. 19.00 crore, an amount of Rs. 6.77 crore was released to only 6 States namely Kerala, Punjab, Sikkim, Nagaland, Tamil Nadu and West Bengal. The Committee are not convinced with the reasons cited by the Department for incurring less expenditure that lesser number of States could submit proposals for financial assistance out of which many proposals were incomplete and not fulfilled the prerequisite conditions for consideration. The Committee are concerned to note that the Department has not set any timeframe for States/UTs to resubmit their proposal in case of rejection due to incomplete proposals. All this goes to prove that the Department is not serious to implement the scheme which is vital for the effective functioning of Consumer Fora. The Committee, therefore, recommend that the Department should prescribe very clear Guidelines to be followed and proformas to be used by the States/UTs while submitting the proposals under the Scheme so that the chances of rejecting or returning the proposal for re-submission due to incompleteness is minimized. The Department should also encourage the States/UTs to avail the financial assistance and set up the Consumer Forums in their respective States/UTs so that the interests of the Consumers are better protected.

### **REPLY OF THE GOVERNMENT**

5.4 States/UTs have been requested several times to submit proposals for availing financial assistance under the 'Strengthening Consumer Fora (SCF)' scheme. The Guidelines for the 11<sup>th</sup> Plan scheme have since been revised and the same have been circulated to all the States/UTs. Further, the revised scheme of 'Strengthening Consumer Fora (SCF)' for implementation during the 12<sup>th</sup> Plan period as well as revised Guidelines for the same are under formulation in this Department.

The 12<sup>th</sup> Plan scheme would be finalized in wider consultation with the States/UTs. Thereafter, the revised scheme and Guidelines as finalized would again be circulated to all States/UTs requesting them to avail financial assistance under the scheme for strengthening of Consumer Fora in their States/UTs. The recommendations of the committee would be taken into account so as to ensure maximum clarity for the benefit of the States/UTs.

[Ministry of Consumer Affairs, Food & Public Distribution  
(Department of Consumer Affairs)  
F. No. H-11012/1/2012-P&C, Dated 23/07/2012]

### **RECOMMENDATION (SL. NO. 6, PARA NO. 3.27)**

5.5 The Committee are concerned to note that out of 72863 consumer complaints filed since inception in National Commission, 63370 have so far been disposed off and 9493 cases are pending. The reasons cited by the Department for this are existence of vacancies in the post of Member, NCDRC. The Committee further note that there is poor disposal of cases in some of the States/UTs namely Assam, Maharashtra, Manipur, Meghalaya, Nagaland, Orissa and Uttar Pradesh where percentage of disposal are 64.24, 67.43, 69.06, 69.17, 68.09 and 55.69 respectively the reasons again being the vacancies in these State Commissions/District Fora. Further the Committee were shocked to note that, in case of National Commission, some of the cases were pending since the year 2000. Though all the cases were not original in nature as some of them were transferred cases of 1st Appeal and 2nd Appeal from State Commissions and District Forum respectively, the Committee feel that if this is the condition of National Commission, the condition of State Commissions and District Fora would have been even worst. Further, the data maintained by the Consumer Fora are not giving realistic picture of the status of actual disposal of cases and duration of the cases pending with them (year wise). The Committee are more concerned about the consumers who have been awaiting disposal of their cases since long time and apprehend that due to long pendency they might loose their faith in the system created for their own welfare. The Committee, therefore, recommend that the Department should devise a uniform system to maintain data by the National Commission/State Commissions/District Forum in such a manner that it reflects the status of the cases filed, disposed off and the period of their pendency. The cases should be further categorized as original, cases of First appeal and Second Appeal so that the data would give the actual status of cases in the Consumer Fora. The Committee further desire that steps should be taken for early disposal of pending cases and priority should be given in disposal of old cases.

### **REPLY OF THE GOVERNMENT**

5.6 The matter regarding maintenance of data by the National Commission/State Commissions/District Forum in such a manner that it reflects the status of the cases filed, disposed off and the period of their pendency and categorization of the cases as Original, cases of First appeal and Second Appeal in Consumer Fora in States/UTs, steps to be taken for early disposal of pending cases and prioritization of disposal of old cases has been taken up at the level of Secretary, Consumer Affairs with the President, NCDRC.

[Ministry of Consumer Affairs, Food & Public Distribution  
(Department of Consumer Affairs)

F. No. H-11012/1/2012-P&C, Dated 23/07/2012]

**NEW DELHI**  
**16 November, 2012**  
**25 Kartika, 1934 (Saka)**

**VILAS MUTTEMWAR,**  
**CHAIRMAN**  
**Standing Committee on Food,**  
**Consumer Affairs and Public Distribution.**

**APPENDIX I MINUTES OF THE ELEVENTH SITTING OF THE STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION (2012-13) HELD ON FRIDAY, THE 16<sup>th</sup> NOVEMBER, 2012**

The Committee sat from 1130 hrs. to 1400 hrs. in Committee Room No. 53, Parliament House, New Delhi.

**PRESENT**

Shri Vilas Muttemwar, M.P. - Chairman

**MEMBERS**

**LOK SABHA**

2. Shri Shivraj Bhaiya
3. Shri Arvind Kumar Chaudhary
4. Shri Sanjay Dhotre
5. Shri Eknath M. Gaikwad
6. Shri Prataprao Ganpatrao Jadhav
7. Shri C. Rajendran
8. Shri Purnmasi Ram

**RAJYA SABHA**

9. Dr. T. N. Seema
10. Shri Birendra Singh
11. Shri Veer Singh
12. Shri Kaptan Singh Solanki

**SECRETARIAT**

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

At the outset, the Hon'ble Chairman welcomed the Members of the Committee to the sitting convened to hear the views and suggestion of the representatives of Right to Food Campaign on the various provisions of 'The National Food Security Bill, 2011' and to consider and adopt the draft Report of the Committee (2012-13) on the action taken by the Government on the observations/recommendations contained in the Eighteenth Report of the Committee (2011-12) on DFG (2012-13) pertaining to the Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs)

2.       XXXXXXXXXXXXX                      XXXXXXXXXXXXXXXX                      XXXXXXXXXXXXXXXX

3.       XXXXXXXXXXXXX                      XXXXXXXXXXXXXXXX                      XXXXXXXXXXXXXXXX

4. The Hon'ble Chairman then highlighted the important recommendations contained in the draft Report of the Committee (2012-13) on the action taken by the Government on the observations/recommendations contained in the Eighteenth Report of the Committee (2011-12) on DFG (2012-13) pertaining to the Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs). The Committee then took up for consideration the above stated draft Report. After due deliberation, the Committee unanimously adopted the draft Report without any amendments/modifications.

5. The Committee then authorized the Chairman to finalize the aforesaid Report and present the same to the Parliament.

A verbatim record of the proceedings has been kept.

**The Committee then adjourned.**

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**APPENDIX II**

(Vide Para No. 4 of Introduction of the Report)

**ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE  
OBSERVATIONS/RECOMMENDATIONS CONTAINED IN THE EIGHTEENTH REPORT  
OF THE STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS AND PUBLIC  
DISTRIBUTION (2011-12)**

**(FIFTEENTH LOK SABHA)**

- (i) Total number of Recommendations: 24
- (ii) Observations/Recommendations which have been accepted by the Government :  
Serial Nos. – 1, 2, 3, 7, 8, 10, 12, 13, 14, 15, 17, 19, 20, 21, 22, 23 and 24.  
(Para. Nos. – 2.12, 2.13, 2.14, 3.28, 3.29, 3.46, 4.10, 4.11, 5.18, 5.19, 6.14, 7.9, 7.10, 7.11, 8.15, 8.16 and 8.17).  
(Chapter –II, Total 17)  
Percentage : 70.83%
- (iii) Observations/Recommendations which the Committee do not desire to pursue in view of the replies received from the Government  
Serial No. 18  
(Para No. – 6.18)  
(Chapter – III, Total - 1)  
Percentage : 4.17%
- (iv) Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration:  
Serial Nos. 9, 11 and 16  
(Para Nos. – 3.40, 3.52 and 6.13)  
(Chapter – IV, Total -3)  
Percentage : 12.5%
- (v) Observations/Recommendations in respect of which the interim replies of the Government have been received.  
Serial Nos.:- 4,5 and 6  
(Para Nos. – 3.25, 3.26 and 3.27)  
(Chapter – V, Total - 3)  
Percentage : 12.5 %