

**STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS  
AND PUBLIC DISTRIBUTION  
(2009-10)**

**FIFTEENTH LOK SABHA**

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

**DEMANDS FOR GRANTS  
(2009-10)**

**THIRD REPORT**



**LOK SABHA SECRETARIAT**

**NEW DELHI**

*December, 2009/ Agrahayana, 1931 (Saka)*

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AND PUBLIC DISTRIBUTION

(2009-10)

(FIFTEENTH LOK SABHA)

MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION

(DEPARTMENT OF CONSUMER AFFAIRS)

DEMANDS FOR GRANTS

(2009-10)

*Presented to Lok Sabha on 17.12.2009*

*Laid in Rajya Sabha on 17.12.2009*



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## **ANNEXURES**

- I. Critical Analysis of statement made by Minister under direction 73-A regarding status of implementation of the recommendations/observations contained in the Twenty fourth Report of the Committee on Food, Consumer Affairs and Public Distribution (Department of Consumer Affairs).
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- III. Minutes of Seventh sitting of the Committee held on 15<sup>th</sup> December, 2009.
- IV. Summary of Observations/Recommendations.

**COMPOSITION OF THE STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS  
AND PUBLIC DISTRIBUTION – 2009-10.**

Shri Vilas Rao Muttemwar -      Chairman

**MEMBERS**

**Lok Sabha**

2. Shri Jaywant Gangaram Awale
3. Smt. Harsimrat Kaur Badal
4. Shri Kamlesh Balmiki
5. Shri Tara Chand Bhagora
6. Shri Shivraj Bhaiya
7. Shri Arvind Kumar Chaudhary
8. Shri Sanjay Singh Chauhan
9. Shri Anant Gangaram Geete
10. Shri Abdul Mannan Hossain
11. Shri Lalchand Kataria
12. Shri Marotrao Sainuji Kowase
13. Shri Sohan Potai
14. Shri Purnmasi Ram
15. Shri Dinubhai Solanki
16. Shri Laxman Tudu
17. Shri D. Venugopal
18. Shri Madhusudan Yadav
19. Shri Ramakant Yadav
20. Vacant
21. Vacant

**Rajya Sabha**

22. Smt. T. Ratna Bai
23. Shri Lalhming Liana
24. Shri Kanjibhai Patel
25. Shri Rajniti Prasad
26. Shri Ram Narayan Sahu
27. Shri Matilal Sarkar
28. Shri Veer Singh
29. Shri Kaptan Singh Solanki
30. Vacant
31. Vacant

## **SECRETARIAT**

1. Shri P.K. Misra	-	Joint Secretary
2. Smt Veena Sharma	-	Director
3. Shri Jagdish Prasad	-	Deputy Secretary

## **INTRODUCTION**

I, the Chairman of the Standing Committee on Food, Consumer Affairs and Public Distribution (2009-10), having been authorized by the Committee to submit the Report on their behalf present this Third Report on Demands for Grants (2009-10) relating to the Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs).

2. The Committee examined/scrutinized the detailed Demands for Grants (2009-10) of the Ministry, which were laid on the Table of the House on 7<sup>th</sup> July, 2009. The Committee took evidence of the representatives of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs) on 23<sup>rd</sup> October 2009.

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

4. The Report was considered and adopted by the Committee at their sitting held on 15<sup>th</sup> December, 2009.

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

**NEW DELHI**  
**15 December 2009**  
**24 Agrahayana , 1931 (Saka)**

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

## CHAPTER I

### INTRODUCTORY

The Department of Consumer Affairs (DCA) is one of the two Departments under the Ministry of Consumer Affairs, Food & Public Distribution. It was constituted as a separate Department in June 1997 as it was considered necessary to have a separate Department to give a fillip to the nascent Consumer movement in the country. The work allocated to the Department, as per the Allocation of Business Rules, 1961, is listed below:

1. Internal Trade.
2. Inter-State Trade: The Spirituous Preparation (Inter-State Trade and Commerce) Control Act, 1955 (39 of 1955).
3. Control of Future Trading: The Forward Contracts (Regulation) Act, 1952 (74 of 1952).
4. The Essential Commodities Act, 1955 (10 of 1955) (supply, price and distribution of essential commodities not dealt with specifically by any other Department).
5. Prevention of the Black-marketing and Maintenance of Supplies of Essential Commodities Act, 1980 (7 of 1980), persons subject to detention thereunder.
6. Regulation of Packaged Commodities.
7. Training in Legal Metrology.
8. The Emblems and Names (Prevention of Improper Use) Act, 1952 (12 of 1952).
9. Standards of Weights and Measures; The Standards of Weights and Measures Act, 1976 (60 of 1976) **and Standards of Weights and Measures(Enforcement) Act, 1985.**
10. The Bureau of Indian Standards Act, 1986 (63 of 1986).
11. Laying down specifications, standards and codes and ensuring quality control of bio-fuels for end users.
12. Forward Markets Commission.
13. Consumer Cooperatives.
14. Monitoring of prices and availability of essential commodities.
15. National Test House.
16. The Consumer Protection Act, 1986 (68 of 1986).

1.2 The Department of Consumer Affairs mandate consists of responsibilities: (i) consumer protection, (ii) internal trade, (iii) quality infrastructure and policies consisting of standards and legal metrology, and (iv) monitoring of prices and availability of essential commodities. In carrying out its mandate, the Department is assisted by the following organizations:

- (A) Bureau of Indian Standards (BIS).
- (B) National Test House (NTH).
- (C) National Consumer Disputes Redressal Commission (NCDRC).
- (D) National Cooperative Consumer's Federation (NCCF).
- (E) Forward Markets Commission (FMC).
- (F) Indian Institute of Legal Metrology (IILM).
- (G) Regional Reference Standards Laboratories (RRSLS).

1.3 The Minister of Consumer Affairs, Food and Public Distribution laid on the Table of the Lok Sabha, the Detailed Demands for Grants (2009-2010) relating to the Department of Consumer Affairs on 7<sup>th</sup> July 2009. The Detailed Demands for Grants for the Department of Consumer Affairs shows a budgetary provision of Rs. 480.90 crore. This includes Rs.209.00 crore for plan activities and another Rs. 271.90 crore for non-plan programmes and schemes.

1.4 The Committee have examined the various issues related to implementation of different schemes/programmes of the Department in the context of Demands for Grants (2009-10); the detailed analysis alongwith the observations/recommendation has been given in the succeeding Chapters of the report.

## CHAPTER II

Status of Implementation of the observations/recommendations made by the Committee in Twenty fourth Report on Demands for Grants (2008-09) under Direction 73A of the Directions by the Speaker, Lok Sabha

As per direction 73A of the Directions by the Speaker, Lok Sabha, the Minister concerned shall make once in six months a Statement in the House regarding the status of implementation of recommendations contained in the Reports of Departmentally Related Standing Committee of Lok Sabha with regard to the Ministry. **Out of 27 recommendations, 5 recommendations (Rec. paragraph Nos. 4.19, 5.38, 7.14, 8.5 and 8.6) have been implemented by the Government.** Rec. No. 4.19.- **Resolving the issue of non-submission of utilization certificates and passing on the benefits of the scheme of 'Integrated Project on Consumer Protection (IPCP)'**: The Department has regularly been taking up the matter at the highest levels to meet the pre-conditions under the scheme. However, the scheme of IPCP has since come to close on 31.03.2008 and new scheme of 'Strengthening of Consumer Fora' has been initiated in its place. Rec. No. 5.38-**Impact of forward trading on prices of agricultural commodities**: No strong conclusion can be drawn on whether introduction of futures trade is associated with decrease or increase in spot price volatility. However, the government has suspended futures trading in eight commodities. Rec. No. 7.14- **Need for release of adequate funds for creating awareness about BIS Scheme**: Inadequate utilization of funds was mainly due to lack of response from entrepreneurs to set up Hallmarking & Assaying Centres. Under the Scheme, financial incentive of 15% of the cost of machinery and equipment required for setting up of the centres is extended. Subject to availability of applicants, priority is given for setting up of the centres in locations where such centres do not exist. Rec. No. 8.5 – **Strengthening of Weight and Measures Scheme through Procurement of secondary standard and mobile kits in time**: The supply of equipments by DGS&D has since improved and is meeting the target set by the Department. Rec. No. 8.6- **Introduction of Legal Metrology Bill, 2008 in the Parliament**: The said bill including the unification of the 2 Acts into single Act has since been introduced in the Rajya Sabha on 24<sup>th</sup> October, 2008.

2.2 **13 recommendations (Rec. paragraph Nos. 4.11, 4.12, 4.27, 4.51, 4.52, 4.53, 4.62, 4.63, 5.33, 5.34, 5.35, 5.36 and 6.10) are under process of implementation.** Rec. No. 4.11 **Completion of Procedural formalities for utilization of funds** : Secretary (Consumer Affairs) reviews the expenditure head-wise/scheme-wise regularly to ensure that funds are utilized as per the expenditure budgeted. Rec. No. 4.12 – **Increase/spreading of Consumer awareness in neglected areas of the North East region through public campaign**: Adequate attention will be given to the rural, remote and NE-regions. Rec. No. 4.27-**Introduction of a Bill for amendment of Consumer Protection Act,1986 enabling early disposal of cases**: The views of the Committee have been noted and all efforts are being taken for introduction of the Bill at the earliest. Rec. No. 4.51- **Functioning of District Fora**: The concerns of the

Committee have been conveyed to Chief Secretaries of the States/UTs. **Rec. No. 4.52 – Regular filling up of vacant Posts and training programme for presiding officers:** The States/UTs were advised to take action well in advance for filling up of vacant posts alongwith maintaining panel of suitable candidates and attach the non-functional Forums with the neighbouring functional Forum and training programmes for Presidents and Members of District Fora are being organized regularly every year through IIPA under the guidance of NCDRC. **Rec. No. 4.53- Disposal of cases pending in the National/State Commission and District Fora:** The concerns of the Committee have been conveyed to Chief Secretaries of the States/UTs alongwith review working of Consumer Fora and to take remedial action for disposal of pending cases. **Rec. No. 4.62-Creation of the State Consumer Welfare Fund in particular the special category States/UTs:** The advice of the Committee have been noted for compliance and State Secretaries were requested to start State Consumer Welfare Fund where they have not done so far. **Rec. No. 4.63- Release of funds to reputed VCO/NGOs and Recovery from defaulting NGOs to whom funds have been released by the Department:** The direction/advice of the Committee have been noted and the State Government/UT Administration have been requested to taken action against such organizations at the earliest and intensive effort to recover funds have been made. **Rec. No. 5.33- Reasons for rise in prices of essential commodities and steps taken to check in this regard :** Import dependence makes India susceptible to price rise in International market. However, it is not possible to insulate the prices in the country from International price fluctuations since India is not self-sufficient in some of the commodities. **Rec. No. 5.34- Uniformity in fixing of stock limits of foodgrains to prevent its hoarding and black-marketing:** The Department have communicated to the State Governments/UTs for taking necessary action to fix stock limits for wheat and pulses and to strengthen their enforcement machinery to prevent malpractices in essential commodities. **Rec. No. 5.35-Submission of monthly action taken reports and conducting of raids:** The recommendations have already been communicated to the State Governments/UT and asked to submit monthly reports of the action taken. **Rec. No. 5.36- Information of detention cases within the Prescribed time limit:** The recommendation have already been communicated to the State Governments/UTs and asked to submit monthly reports of the action taken upto 26<sup>th</sup> September, 2008. **Rec. No. 6.10- Implementation of Price Dissemination Project in other States:** In the 1<sup>st</sup> phase, the price ticker boards are proposed to be installed in 1000 APMCs identified under the AGMARKNET and also proposed to be placed in 300 rural post offices spread over 9 States. FMC would endeavor to ensure that the project is extended to all the States during the XI Plan.

2.3. 4 recommendations (Rec. paragraph Nos.3.13, 3.14, 4.54, and 6.9) have not been implemented. **Rec. No. 3.13 & 3.14-Evaluation of the Schemes, Strengthening of monitoring mechanism, timely utilization of funds and review of Monthly Expenditure Plan:** The recommendations of the Committee have been noted for compliance. Secretary (CA) reviews the progress of plan expenditure regularly. **Rec. no. 4.54-Furnishment of details about disposal of cases by the State Commissions and District Foras:** The concerns of the Committee have been conveyed to the States/UTs and this would be followed up with the State Governments in future also. **Rec. No. 6.9-**

**Finalization of rent agreement for office premises required for Price Dissemination Project:** A premise was identified, however, the owners of the property did not rent it on the valuation done by the CPWD.

2.4. **5 recommendations (Rec. paragraph Nos.3.15, 4.36, 5.37, 7.15 and 7.16) are yet to be implemented.** **Rec. No.3.15- Allocation of additional funds for the awareness about Consumer Protection through Welfare Fund:** This would be taken up with the Planning Commission at the time of Mid Year Review. **Rec. No. 4.36-Infrastructure for installation of computer hardware for putting consumer related information on website and amendment of Consumer Protection Act, 1986:** The concerned State Governments are being requested regularly to give their full cooperation for installation of computer hardware. Efforts are also being made for early finalization of proposals for amendment to Consumer Protection Act. **Rec. No. 5.37-Effective use of Essential Commodities Act against hoarding and blackmarketing:** The recommendations have already been communicated to the State Governments/UTs and were requested to send their views. Responses from some of the States/UTs are awaited. **Rec. No. 7.15- Strengthening of enforcement activities and introduction of penal provision in the BIS Act, 1986 to prevent the sale of inferior quality of Gold Jewellery:** The proposal has been kept in abeyance pending completion of an evaluation study of the existing Gold Hallmarking Scheme. **Rec. no. 7.16-Introduction of the Bill to bring Hallmarking under compulsory certification regime:** A draft Bill for amendment of the Act is presently under consideration of Ministry of Law.

2.5 The Standing Committee on Food, Consumer Affairs and Public Distribution presented Twenty fourth Report on Demands for Grants (2008-2009) relating to the Department of Consumer Affairs on 16<sup>th</sup> April, 2008. The Twenty-eighth Report on Action Taken by the Government on the recommendations contained in the Twenty fourth Report on DFG (2007-2008) was presented to Lok Sabha on 19<sup>th</sup> February, 2009. The Twenty fourth Report was sent to the Ministry for furnishing Action Taken replies on the recommendations made by the Committee.

2.6 The Minister made a statement in Lok Sabha on 17<sup>th</sup> February 2009 regarding the status of implementation of the recommendations contained in the 24<sup>th</sup> Report of the Committee on Demands for Grants (2008-09) under direction 73A of the Directions by the Speaker, Lok Sabha. The information made available to the Committee with regard to implementation of recommendations made in their Report has been critically analyzed (**Annexure-I**).

## CHAPTER III

### **General Performance of the Department-**

#### **(a) Allocation of funds for Plan and Non-Plan Schemes during XI plan period:**

The Department of Consumer Affairs has furnished the following statement showing BE,RE & Actual Expenditure (for Plan and Non-Plan schemes) incurred during the year 2006-07,2007-08,2008-09 and 2009-10:-

(Rs. in crore)

Year	Budget Estimates			Revised Estimates			Actual Expenditure		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
2006-07	163.00	35.00	198.00	150.00	35.31	185.31	133.96	28.72	162.68
2007-08	213.00	36.64	249.64	150.00	38.68	188.68	105.83	36.68	142.51
2008-09	209.00	55.03	264.03	160.00	253.65	413.65	151.71	189.40	341.11
2009-10	209.00	271.90	480.90	-	-	-	-	-	-

3.2 The following statement showing the BE,RE & Actual Expenditure (for Plan and Non-Plan schemes) in respect of Department of Consumer Affairs for the year 2007-08 to 2009-10 (scheme-wise) has been furnished by the Department:-

### **Plan Schemes-**

(Rs. in crore)

SI No.	Name of the scheme/project/ program	2007-08			2008-09			2009-10
		BE	RE	Actual Expn.	BE	RE	Actual Expn.	
1.	National Consumer Disputes Redressal Commission	4.50	0.01	0.00	11.00	10.00	10.00	9.90

2.	Consumer Protection	114.30	88.96	86.36	106.21	97.95	104.10	99.68
3.	Weights and Measures Establishment of Laboratories	16.20	19.71	10.12	16.20	21.60	22.02	34.20
4.	Information Technology	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5.	National Test House	22.50	8.15	5.39	10.22	10.66	0.44	13.50
6.	Bureau of Indian Standards (standardization & Quality Control)	10.80	9.14	0.50	18.69	0.63	0.66	13.72
7.	Forward Markets Commission	19.50	9.75	2.46	20.70	3.60	3.31	16.20
8.	Lumpsum provision for NE project/scheme for the benefit of NE region.	21.60	13.38	-	20.90	16.00	0.96	20.90
9.	Setting up of Gold Hallmarking Assaying Centres in India.	3.60	0.90	1.00	2.70	0.00	0.00	0.90
	<b>Total</b>	<b>213.00</b>	<b>150.00</b>	<b>105.83</b>	<b>209.00</b>	<b>160.00</b>	<b>151.71</b>	<b>209.00</b>

### Non-Plan Schemes-

(Rs. in crore)

SI No.	Name of the scheme/project/ program	2007-08			2008-09			2009-10
		BE	RE	Actual Expn. Upto Dec.07	BE	RE	Actual Expn.	
								BE
1.	Secretariat Economic Services	9.08	8.75	5.77	10.27	11.28	10.90	13.44
2.	National Test House	12.89	13.72	9.16	15.03	19.65	18.03	26.24
3.	Consumer Co-operatives	1.00	2.00	0.00	1.05	200.01	143.90	200.05
4.	Consumer Protection	2.61	3.01	1.95	3.45	4.49	4.27	5.85
5.	Regulation of Weights and Measures	2.33	2.25	1.48	2.37	3.06	2.88	3.83

6.	International Cooperation	0.08	0.08	0.07	0.08	0.08	0.09	0.10
7.	Regulation of Markets	3.65	3.87	2.46	4.70	4.43	3.99	6.49
8.	Project under Consumer Welfare Fund	13.10	12.86	2.07	12.58	6.45	3.74	10.40
		7.00	2.61	2.11	3.00	2.00	1.26	3.00
		0.50	0.20	0.00	0.50	0.20	--	0.50
9.	Deduct Refund*	-20.60	-15.67	-4.18	-16.08	-8.65	-5.00	-13.90
10.	Loans to Super Bazar	5.00	5.00	0.26	2.00	2.00	0.34	2.00
	<b>Total</b>	<b>36.64</b>	<b>38.68</b>	<b>21.15</b>	<b>55.03</b>	<b>245.00</b>	<b>184.40</b>	<b>258.00</b>

3.3 From the above statements, it has been observed that:-

- (i) Allocation for 2007-08 was Rs. 213.00 crore at BE stage which was reduced to Rs. 150 crore at RE stage whereas the actual expenditure was Rs. 105.83 crores.
- (ii) Though the Department could expend Rs. 105.83 crore only during 2007-08, the BE for 2008-09 for plan schemes was Rs. 209 crores which was later reduced to Rs. 160.00 crore at RE stage whereas the actual expenditure was only Rs. 151.71 crores.
- (iii) There was nil expenditure during the years 2007-08 and 2008-09 in respect of the schemes (i) Information Technology and (ii) Setting up of Gold Hallmarking Assaying Centres in India.
- (iv) There was gross under-utilization under some of the schemes during 2008-09 viz National Test House for which only Rs. 0.44 crores were spent against allocation of Rs. 10.22 crores which was revised to Rs. 10.66 crores; Bureau of Indian Standards-Standardization and Quality Control for which expenditure of only Rs. 0.66 crore was made against allocated Rs. 18.69 crore which was reduced to Rs. 0.63 crore at RE stage. Similarly, for Forward Market Commission, against an allocation of Rs. 20.70 crore at BE

stage, Rs. 3.60 crore were revised at RE stage but the actual expenditure was only Rs. 3.31 crores.

(v) There has been huge reduction of BE at RE stage, for example, in plan schemes of Consumer Protection, Bureau of Indian Standards, Forward Market Commission and Lumpsum provision for NE project/scheme for the benefit of NE region.

In the non-plan side:

(i) Allocation for 2007-08 was Rs. 36.64 crore at BE stage was revised to Rs. 38.68 crore at RE stage whereas the actual expenditure was Rs. 21.15 crores.

(ii) The Department could expend Rs. 21.15 crore only during 2007-08 which was raised to Rs.55.03 at the BE stage for 2008-09 and was abruptly raised to Rs.245.00 at RE stage whereas the actual expenditure was only Rs. 184.40 crores.

3.4 The Committee enquired the reasons for the low expenditure incurred against the Revised Estimate during the year 2008-09, the Committee were informed that during the year 2008-09, the plan expenditure was Rs.151.71 crore against Rs.160 crore(RE) and non-plan expenditure was Rs.189.40 crore against Rs.253.65 crore(RE).The total expenditure was Rs.341.11 crore against Rs.413.65 crore (RE). During 2006-07 and 2007-08, no reimbursements were made to the PSUs on account of losses incurred in the import of pulses. Hence only token provision of Rs. 1.05 crore was made. However, during 2008-09, all PSUs (PEC, STC, MMTC and NAFED) incurred losses on account of pulses imported during the year. In addition, NAFED had submitted claims for losses incurred during 2006-07 and 2007-08. Therefore, in the RE an amount of Rs. 200 crore was provided, which was later scaled down to Rs. 148.40 crore, of which Rs. 143.90 crore was reimbursed to 3 PSUs, namely PEC, STC and NAFED, as an adhoc payment of reimbursement.

3.5 It has been further observed that the BE for the plan schemes during 2008-09 was Rs.209 crore which was reduced to Rs.160 crore at RE stage whereas the actual expenditure during the year was Rs.151.71 crore. Explaining the reasons in this regard, the department stated that the allocation for non-plan schemes during 2008-09 was Rs.55.03 crore which was raised to Rs.253.65 crore at RE stage but total expenditure incurred during the year was Rs.189.40 crore. The Committee observed that in some schemes viz. National Test House, Consumer Protection, State Consumer Helpline and Bureau of Indian Standards, the expenditure was very low during the financial year. In this regard the Department stated that before any expenditure could be incurred during 2008-09 under the schemes of 'Computerization and Computer Networking of Consumer Fora in the country' (CONFONET) and 'Strengthening Consumer Fora', the Tenth Plan schemes of 'CONFONET' and 'Integrated Project on Consumer Protection' (IPCP) had to be got evaluated and thereafter the schemes were to be appraised by the SFC/EFC and approved by the competent authority. As the evaluation of the Tenth Plan schemes had not been completed during this period, the XIth Plan schemes could not be got appraised by SFC/EFC & approved by Competent Authority.

3.6 Asked as to why the amount of Revised Estimate in non-plan scheme was raised to Rs.253.65 crores during the year 2008-09 whereas the actual expenditure incurred during 2007-08 was Rs.142.51 crores, the Department informed the Committee that RE for 2008-09 in Non-Plan was raised to Rs. 253.65 crore due to (i) Payment of revised salary and 40% of arrears on account of implementation of VI<sup>th</sup> Central Pay Commission's recommendations and (ii) Additional Rs.200.00 crore was kept for payment of subsidies for meeting losses on import of pulses by PSUs.

**(b) Quarter-wise Expenditure of Funds-**

3.7 The Department of Consumer Affairs has furnished the following Statement showing the Quarter-wise expenditure incurred on its Plan and Non-Plan Schemes for the year 2008-09:-

**PLAN SCHEMES**

Sl. No.	Name of Scheme	Budget Estimates	Revised Estimates	Expenditure during 1 <sup>st</sup> Quarter	Expenditure during 2 <sup>nd</sup> Quarter	Expenditure during 3 <sup>rd</sup> Quarter	Expenditure during 4 <sup>th</sup> Quarter	Expenditure authorized upto Mar 2009	Total Expenditure
1.	Consumer Awareness (Publicity)	75.00	91.00	0.00	14.20	6.13	22.36	45.90	88.59
2.	Consumer Protection	47.00	25.98	0.00	0.04	0.02	13.30	10.00	23.36
3.	Weight and Measures	18.00	23.40	4.97	5.33	2.17	8.28	1.27	22.02
4.	State Consumer Help Line	14.00	11.62	0.00	1.23	0.00	0.72	-	1.95
5.	Strengthening of Forward Markets Commission	25.00	2.00	0.33	0.52	0.42	1.92	0.12	3.31
6.	National Test House	23.00	4.00	0.33	1.46	1.41	3.07	4.39	10.66
7.	Bureau of Indian Standards	7.00	2.00	0.00	0.00	1.62	0.20	-	1.82
<b>Total</b>		<b>209</b>	<b>160</b>	<b>5.63</b>	<b>22.78</b>	<b>11.77</b>	<b>49.85</b>	<b>61.68</b>	<b>151.71</b>

**NON-PLAN SCHEME**

NON-PLAN	55.03	252.64	8.78	9.56	17.01	154.06	-	189.40
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3.8 From the above statement, it has been noted that out of total allocation of Rs.209 crores, the Department has utilized Rs.151.71 crore in all. The Department could utilize Rs.5.63 crore in first quarter, Rs. 22.78 crore in second quarter, Rs.11.77 crore in third quarter and Rs. 49.85 crores in fourth quarter of the financial year 2008-09. When enquired as to why the Department could not follow the guidelines of Planning Commission to make even expenditure during the financial year, the Committee were informed that the Monthly Expenditure Plan of Ministry of Finance is not applicable to

Department of Consumer Affairs. However, the provisions of the Fiscal Responsibility and Budget Management (FRBM Act) and guidelines of the Planning Commission could not be followed for incurring expenditure evenly during the four quarters of the year as there is dependence on extraneous factors such as proposals/ responses from the implementing agencies e.g. States/UTs, National Informatics Centre, Central Public Works Department, utilization of funds allocated to these implementing agencies during the previous financial years and submission of utilization certificates on time. However, the requirement that not more than 33% of expenditure is to be spent in last quarter was achieved.

3.9 In this context, the Committee asked as to why the Department could not obtain proposals from the implementing agencies and utilization certificates well in advance to avoid delay in releasing the funds to them, the Department in its reply stated that the Department of Consumer Affairs had been regularly taking up the matter with the concerned States for furnishing of Utilization Certificates and supporting documents for release of second instalment due in respect of Consumer Fora buildings from the earlier scheme of 'Integrated Project on Consumer Protection' (IPCP). It was due to the efforts made by this Department that the second instalment for Consumer Fora buildings could be released to 6 out of the 12 States where it was due. The remaining 6 States could not furnish the Utilization Certificates and supporting documents to be in a position to receive the second instalment for Consumer Fora buildings. Similarly, for other schemes like release of grants to State Governments for the Helpline and Publicity, despite follow up with States.

3.10 When asked about the steps taken by the Department of Consumer Affairs to utilize the funds evenly in all the four quarters of the year, the Department stated that periodically expenditure is reviewed by the Secretary and Additional Secretary. States are also requested by the Department to submit proposals and utilization certificates so that the amount due to them is released. However, there are constraints as indicated.

3.11 The Committee are not satisfied with the overall performance of the Department of Consumer Affairs in so far as expenditure incurred during 2008-09 is concerned. The Committee note that out of a total allocation of Rs.413.65 crore during 2008-09, the Department could utilize only Rs.341.11 crore i.e. Rs.151.71 crore for its plan schemes and Rs.189.40 crore for non-plan schemes. The Committee are also surprised to note that the expenditure on some of the important schemes viz. National Test House (NTH), Bureau of Indian Standards(BIS), Forward Market Commission(FMC) and project/scheme for North-Eastern Region was almost negligible. Out of total allocation of Rs.74.51 crore for these Schemes/Programmes, the expenditure was only Rs.5.37 crore during the financial year, indicating a poor planning by the Department. The reasons put forth by the Ministry that the BE was reduced at RE stage due to delay in evaluation and approval of the schemes by SFC/EFC is not convincing to the Committee. In the opinion of the Committee, the Department has not been able to improve its monitoring mechanism over schemes and make co-ordination between the evaluation agencies. The Committee, therefore, strongly recommend that the Department should make sincere efforts for getting clearance of the schemes without delay so that funds allocated are fully utilized during the financial year. The Committee also recommend that the Department should make sincere efforts to utilize the entire funds allocated for the Schemes/Programmes for the North-Eastern region so as to avoid its transfer to non-lapsable funds created for NE States. Steps taken in this regard should be communicated to the Committee within three months.

3.12 The Committee are deeply concerned to note the uneven utilization of budgetary allocation under the plan and non-plan schemes during 2008-09. For instance, out of a total expenditure of Rs.151.71 crore during 2008-09 of the plan funds, the actual expenditure was Rs.5.63 crore, Rs.22.78 crore and Rs.11.77 crore during the 1<sup>st</sup> , 2<sup>nd</sup> and 3<sup>rd</sup> quarter of the year, respectively which is much less than the expenditure incurred in the last and the fourth quarter of the financial year. The position of expenditure is worst in case of non-plan funds where out of Rs.189.40 crore, only Rs.25.35 crore was utilized in the first three quarters of the year. The Committee in their earlier Reports had been impressing upon the need to spread the expenditure evenly during the year but it seems that the recommendations of the Committee have not been taken seriously. The reasons put forth by the Department of Consumer Affairs that they could not utilize the funds evenly due to non receipt of proposals from implementing agencies, i.e. States/UTs and non-submission of utilization certificates on time is not acceptable to the Committee due to the fact that the Department has the autonomy to utilize the funds as per their own monthly Expenditure Plan. In the opinion of the Committee, the Ministry should make advance exercise to get the proposals and utilization certificates from the implementing agencies and finalize the modalities of the schemes so that the approval by EFC does not get delayed. The Committee strongly feel that there is a need to discourage the tendency to clear huge bill for reimbursement by the implementing agencies in the fag end of financial year as in such cases, the clearance of the bills without proper scrutiny can not be ruled out. The Committee hope that the Department will use its autonomy/prerogative to

**monitor expenditure according to the FRBM Act and guidelines of Planning Commission to utilize the funds equally in all quarters of the year.**

## **CHAPTER IV**

### **CONSUMER PROTECTION**

#### **a) Strengthening of Infrastructure of Consumer Fora-**

In terms of the Consumer Protection Act, Consumer Disputes Redressal Agencies have been set up at the district level (621), State level (35) and National level to provide simple, inexpensive and time bound justice to the consumer complaints against defective goods, deficient services including the unfair/restrictive trade practices adopted by the traders or any person. Under section 24B of the Consumer Protection Act, 1986, National Commission have administrative control over all the State Commissions in the following matters, namely:

- (i) calling for periodical returns regarding the institution, disposal pendency of cases;
- (ii) issuance of instructions regarding adoption of uniform procedure in the hearing of matters, prior service of copies of documents produced by one party to the opposite parties, furnishing of English translation of judgments written in any language, speedy grant of copies of documents;
- (iii) generally overseeing the functioning of the State Commissions or the District Fora to ensure that the objects and purposes of the Act are best served without in any way interfering with their quasi-judicial freedom.

4.2 The National Commission is maintaining state-wise data in respect of cases filed, disposed and pending, since inception, in the National Commission, State Commissions and District Forums. The position regarding disposal of cases as provided by the National Commission as on 11.06.2009 is as under:

<b>Sl. No.</b>	<b>Name of Agency</b>	<b>Cases filed since inception</b>	<b>Cases disposed of since inception</b>	<b>Cases Pending</b>	<b>%of total Disposal</b>
1.	<b>National Commission</b>	<b>58720</b>	<b>50355</b>	<b>8365</b>	<b>85.75%</b>
2.	State Commissions	474970	364486	110484	76.74%
3.	District Fora	2680259	2435094	245165	90.85%
	<b>Total</b>	<b>3213949</b>	<b>2849935</b>	<b>364014</b>	<b>88.67%</b>

**Statement of Cases Filed/Disposed of/Pending in the National Commission and State Commissions**

Sl. No.	Name of State	Cases filed since inception	Cases disposed of since inception	Cases Pending	% of Disposal
1	Andhra Pradesh	23893	20361	3532	85.22
2	A & N Islands	42	38	4	90.48
3	Arunachal Pradesh	52	40	12	76.92
4	Assam	2237	1226	1011	54.81
5	Bihar	12939	9275	3664	71.68
6	Chandigarh	9983	8934	1049	89.49
7	Chhattisgarh	5344	4564	780	85.40
8	D&D and DNH	29	29	0	100.00
9	Delhi	29385	28465	920	96.87
10	Goa	2036	1892	144	92.93
11	Gujarat	30659	24956	5703	81.40
12	Haryana	37085	22781	14304	61.43
13	Himachal Pradesh	6153	5508	645	89.52
14	Jammu & Kashmir	5630	4838	792	85.93
15	Jharkhand	3998	2941	1057	73.56
16	Karnataka	28857	28437	420	98.54
17	Kerala	21993	19307	2686	87.79
18	Lakshadweep	16	15	1	93.75
19	M.P.	32097	29231	2866	91.07
20	Maharashtra	46889	29378	17511	62.65
21	Manipur	139	96	43	69.06

22	Meghalaya	115	109	6	94.78
23	Mizoram	154	146	8	94.81
24	Nagaland	94	64	30	68.09
25	Orissa	18336	11099	7237	60.53
26	Puducherry	878	823	55	93.74
27	Punjab	21923	16694	5229	76.15
28	Rajasthan	40791	36884	3907	90.42
29	Sikkim	31	31	0	100.00
30	Tamil Nadu	20565	17791	2774	86.51
31	Tripura	1141	1124	17	98.51
32	Uttar Pradesh	55216	22523	32693	40.79
33	Uttarakhand	3501	2722	779	77.75
34	West Bengal	12769	12164	605	95.26
	<b>TOTAL</b>	<b>474970</b>	<b>364486</b>	<b>110484</b>	<b>76.74</b>

#### **Statement of Cases filed/disposal of/pending in District Fora**

Sl. No.	Name of State	Cases filed since inception	Cases disposed of since inception	Cases Pending	% of Disposal
1	Andhra Pradesh	174222	169385	4837	97.22
2	A & N Islands	330	301	29	91.21
3	Arunachal Pradesh	297	258	39	86.87
4	Assam	12720	11539	1181	90.72
5	Bihar	73843	62913	10930	85.20
6	Chandigarh	38084	37104	980	97.43

7	Chhattisgarh	28473	25757	2716	90.46
8	D&D and DNH	129	103	26	79.84
9	Delhi	198507	184869	13638	93.13
10	Goa	5698	5076	622	89.08
11	Gujarat	142563	120550	22013	84.56
12	Haryana	180461	161058	19403	89.25
13	Himachal Pradesh	48721	45888	2833	94.19
14	Jammu & Kashmir	20792	18855	1937	90.68
15	Jharkhand	29991	27729	2262	92.46
16	Karnataka	120184	116219	3965	96.70
17	Kerala	159516	150837	8679	94.56
18	Lakshadweep	55	55	0	100.00
19	Madhya Pradesh	136567	125886	10681	92.18
20	Maharashtra	214188	197573	16615	92.24
21	Manipur	1037	1012	25	97.59
22	Meghalaya	322	308	14	95.65
23	Mizoram	2065	2011	54	97.38
24	Nagaland	246	205	41	83.33
25	Orissa	77662	72973	4689	93.96
26	Puducherry	2600	2466	134	94.85
27	Punjab	118626	113485	5141	95.67
28	Rajasthan	232039	215500	16539	92.87
29	Sikkim	234	221	13	94.44
30	Tamil Nadu	89535	81726	7809	91.28
31	Tripura	2015	1807	208	89.68

32	Uttar Pradesh	472000	391036	80964	82.85
33	Uttarakhand	30382	28484	1898	93.75
34	West Bengal	66155	61905	4250	93.58
	<b>TOTAL</b>	<b>2680259</b>	<b>2435094</b>	<b>245165</b>	<b>90.85</b>

4.3 The Committee observed that the percentage of disposal of cases filed in the State Commissions of Uttar Pradesh, Assam, Maharashtra, Orissa and Haryana was very low. Similarly, the number of cases pending in the State Commission is highest in the State of Uttar Pradesh, Maharashtra, Haryana and Orissa. Besides information in respect of some States are not available (NA) with the Department of Consumer Affairs. Further, the cases pending in District Fora are very high in some of the States *i.e.* Uttar Pradesh (80964), Gujarat(22013), Haryana(19403), Maharashtra(16615) and Rajasthan(16539).

4.4 Explaining the steps taken for quick disposal of cases in Consumer Fora, the Department stated that they call information from all States/UTs regularly pertaining to the functioning of consumer fora including time bound disposal of cases, on regular basis through periodical (monthly and quarterly) progress reports. Shortcomings observed in these reports including low rate of disposal of cases within the prescribed time limit as well as non-furnishing of information/reports, are being taken up regularly by the Department with the concerned State Governments. The Department further stated that a proposal to further amend the provisions of the Consumer Protection Act, 1986 is under consideration of the Department of Consumer Affairs since 2006 for quicker disposal of complaints and for strengthening of Consumer Fora. The proposal, which has been revised in 2009, is being finalized in consultation with the Ministry of Law and Justice.

4.5 When the Committee enquired whether adequate supporting staff has been provided to each State Commission and District Fora the Department stated that as per

the Consumer Protection Act, 1986, the establishment of State Commissions and District Fora and provision of adequate manpower, funds and infrastructure to them is the responsibility of the concerned State Governments. Information regarding supporting staff provided to State Commission and District Fora is therefore not available or maintained in the Department.

4.6 From, the aforesaid statement, it has also been observed that there are instances of not even a single case filed in consumer court due to unavailability of basic infrastructure.

4.7 When enquired about the general facilities available with Consumer Protection Court, the Department during evidence stated that as far as States are concerned, the responsibility in providing entire facilities in State Commission and District Forum rests with the State Government. Despite this fact the Central Government provided the funds to State Government for capacity building and furniture and fixtures. Moreover the accountability with regard to functioning of the staff rests with the State Government.

4.8 The Committee have been furnished the following information regarding functional/non-functional (State Commission/District Forums):-

**(as on 01.10.2009)**

Sl. No.	States	Whether SC Functional or Non-functional	No. of District Fora	Functional	Non-functional	As on
1	Andhra Pradesh	Yes	29	29	0	30.06.2009
2	A & N Islands	Yes	1	1	0	31.03.2006
3	Arunachal Pradesh	Yes	16	13	3	30.06.2009
4	Assam	Yes	23	23	0	30.06.2009

5	Bihar	Yes	38	30	8	30.06.2009
6	Chandigarh	Yes	2	2	0	30.06.2009
7	Chhattisgarh	Yes	16	16	0	30.06.2009
8	Daman & Diu	Yes	2	2	0	30.06.2008
9	Dadra & Nagar Haveli	Yes	1	1	0	30.09.2008
10	Delhi	Yes	10	10	0	30.06.2009
11	Goa	Yes	2	2	0	30.06.2009
12	Gujarat	Yes	30	30	0	30.06.2009
13	Haryana	Yes	19	19	0	30.06.2009
14	Himachal Pradesh	Yes	12	11	1	31.07.2009
15	Jammu & Kashmir	Yes	2	2	0	31.03.2009
16	Jharkhand	Yes	22	21	1	30.06.2008
17	Karnataka	Yes	30	30	0	30.06.2009
18	Kerala	Yes	14	14	0	30.06.2009
19	Lakshadweep	Yes	1	1	0	30.06.2009
20	Madhya Pradesh	Yes	48	47	1	30.06.2009
21	Maharashtra	Yes	40	40	0	31.03.2009
22	Manipur	Yes	9	9	0	31.12.2008
23	Meghalaya	Yes	7	7	0	30.06.2009
24	Mizoram	Yes	8	8	0	30.06.2009
25	Nagaland	Yes	8	8	0	31.12.2008
26	Orissa	Yes	31	31	0	30.06.2009
27	Puducherry	Yes	1	0	1	30.06.2009
28	Punjab	Yes	20	19	1	30.06.2009
29	Rajasthan	Yes	33	29	4	30.06.2009

30	Sikkim	Yes	4	4	0	30.06.2009
31	Tamil Nadu	Yes	30	15	15	30.06.2009
32	Tripura	Yes	4	4	0	30.06.2009
33	Uttar Pradesh	Yes	74	74	0	30.06.2009
34	Uttarakhand	Yes	13	10	3	30.06.2009
35	West Bengal	Yes	21	20	1	30.06.2009
	TOTAL		621	582	39	

4.9 It has been noted from the above statement that out of 621 Consumer Fora 582 are functional and 39 are non-functional. The worst position is in Bihar and Tamil Nadu where 8 out of 38 and 15 out of 30 Consumer Fora are not functioning. In this context, the Committee wanted to know the reasons for increase in the non-functional Consumer Fora especially in the States of Bihar and Tamil Nadu, the Committee was informed that although specific reasons for non-functionality of individual District Fora in each State are not available in this Department, generally the non-functionality of Consumer Fora is due to vacancies of President/Members. However, it has now been reported by Bihar State Commission that at present only 2 District Fora are non-functional while Tamil Nadu State Commission has reported that all vacancies of Presidents in District Fora in Tamil Nadu have been filled up and all District Fora are now functional.

4.10 Asked about the arrangements made for the disposal of cases relating to non-functional District Fora, the Committee was informed that the Central Government has been requesting State Governments to ensure that no District Forum remains non functional by authorizing President and Members of a neighbouring Forum to look after such District Fora till such time as regular arrangements are made.

4.11 The following statement indicates the information regarding vacancy position in the State Commissions and District Forums:-

(as on 01.10.2009)

Sl. No.	States	State Commission		District Forum		As on
		President	Member	President	Member	
	<b>National Commission</b>	0	0			<b>31.08.2009</b>
1	<b>Andhra Pradesh</b>	0	0	8	13	<b>31.07.2009</b>
2	<b>A &amp; N Islands</b>	0	0	0	0	<b>31.3.2006</b>
3	<b>Arunachal Pradesh</b>	0	0	0	14	<b>31.07.2009</b>
4	<b>Assam</b>	1	0	0	2	<b>31.07.2009</b>
5	<b>Bihar</b>	0	1	4	24	<b>30.06.2009</b>
6	<b>Chandigarh</b>	0	1	0	0	<b>31.08.2009</b>
7	<b>Chhattisgarh</b>	0	0	0	2	<b>30.06.2009</b>
8	<b>Daman &amp; Diu and DNH</b>	0	0	0	0	<b>30.09.2008</b>
9	<b>Delhi</b>	0	1	0	1	<b>31.08.2009</b>
10	<b>Goa</b>	0	0	2	4	<b>31.08.2009</b>
11	<b>Gujarat</b>	0	2	5	19	<b>31.07.2009</b>
12	<b>Haryana</b>	0	2	3	9	<b>31.08.2009</b>
13	<b>Himachal Pradesh</b>	0	0	0	6	<b>31.08.2009</b>
14	<b>Jammu &amp; Kashmir</b>	0	0	0	0	<b>31.03.2009</b>
15	<b>Jharkhand</b>	0	1	2	4	<b>31.12.2008</b>
16	<b>Karnataka</b>	0	0	1	2	<b>31.08.2009</b>
17	<b>Kerala</b>	0	0	0	1	<b>30.06.2009</b>
18	<b>Lakshadweep</b>	0	1	0	0	<b>31.08.2009</b>
19	<b>Madhya Pradesh</b>	0	1	2	38	<b>31.07.2009</b>
20	<b>Maharashtra</b>	0	4	6	9	<b>31.05.2009</b>

21	Manipur	1	0	0	1	31.12.2008
22	Meghalaya	0	0	0	0	30.06.2009
23	Mizoram	1	0	0	0	30.06.2009
24	Nagaland	0	0	0	0	31.12.2008
25	Orissa	0	0	2	3	31.07.2009
26	Puducherry	0	1	1	0	30.06.2009
27	Punjab	0	1	2	4	31.07.2009
28	Rajasthan	0	1	15	8	31.08.2009
29	Sikkim	0	0	0	0	30.06.2009
30	Tamil Nadu	0	1	19	11	31.07.2009
31	Tripura	0	0	0	0	30.06.2009
32	Uttar Pradesh	0	3	15	13	31.07.2009
33	Uttarakhand	0	0	0	11	31.07.2009
34	West Bengal	0	0	5	2	30.06.2009
	<b>TOTAL</b>	<b>3</b>	<b>21</b>	<b>92</b>	<b>201</b>	

4.12 From the statement of vacancy position in State Commission and District Fora it has been noted that 3 posts of President and 21 posts of Members are vacant in State Commission. Similarly, 92 posts of President and 201 posts of Members are vacant in District Forum of various State/UTs. In this context, the Committee asked whether the Chairman/President of the State Commission/District Forum are also holding the additional charge of Government services due to which they are not able to discharge their duties in State Commission/District Fora, the Committee was informed that although in the evaluation study of Integrated Project on Consumer Protection, an instance has been mentioned by the evaluating agency, which conducted the study regarding additional charge of Chairman/President of a District Forum in a particular State being held by a Government official, no further instance has come to light.

4.13 The Committee note that a three tier quasi judicial redressal mechanism has been set up at the National, State and District levels as per the provisions made under the Consumer Protection Act, 1986 to resolve the consumer grievances speedily. Whereas the responsibility of the National Commission rest with the Union Government, the responsibility of setting up and effective functioning of the State Commission and District Fora lies with respective State Governments/Union territory Administrations. The Committee further note that there are a large number of pending cases in the National Commission, State Commissions and District Fora. The disposal of cases by the National Commission is reported to be 85.75%, whereas disposal of cases in the State Commissions and District Fora are 76.74% and 90.85%, respectively. The position of State Commissions is worst in some States, i.e. Assam, Haryana, Maharashtra, Orissa and Uttar Pradesh where 54.81%, 61.43%, 62.65%, 60.53% and 40.79% of cases have been disposed of by the respective State Commissions of these States . The Committee note that the information of cases filed and disposed of in respect of the North Eastern States for the last 3 years i.e. 2006, 2007 and 2008 is not available with the Department . Further, the cases pending in District Fora are very high in some of the States i.e. Uttar Pradesh (80964), Gujarat(22013), Haryana(19403), Maharashtra(16615) and Rajasthan(16539). Although the shortcomings observed in the functioning of State Commissions and District Fora including the low rate of disposal of cases within the prescribed time limit and non furnishing of information/reports are being taken up regularly by the Department of Consumer Affairs with the concerned State Governments/UTs, yet the Committee feel that these efforts are

not sufficient to give any fruitful result. The Committee therefore, strongly recommend that all the States should be persuaded to furnish the details of cases filed and disposed of within the prescribed time frame, so that the National Commission may analyse the reasons for non-disposal of cases by the State Commissions and District Fora and suggest measures for early disposal of cases in the District Fora.

4.14 The Committee find that inspite of the efforts made by the government, as many as 39 District Fora out of 621 have been reported as non-functional in the States of Arunanchal Pradesh(3), Bihar(8), Himachal Pradesh(1), Jharkhand(1), Madhya Pradesh(1), Pondicherry(1), Punjab(1), Rajasthan(4), Tamil Nadu(15), Uttranchal(3) and West Bengal(1). The Committee note that although specific reasons for non functionality of individual District Fora in each State is not available with the Department, generally the non functionality is due to existence of vacancies of President/Members. The Committee are surprised that the Department has been forwarding a huge amount through its budget grants for strengthening of infrastructure of the District Fora without keeping a watch on the reasons for their being non-functional. Taking a serious note of the situation, the Committee strongly recommend that the vacancy position in all the District Fora across the country should be reviewed regularly and all efforts made for timely filling up of vacancies so as to make the District Fora fully functional.

**4.15 From the information furnished by the Department, the Committee find that three posts of President, and 21 posts of Members are vacant in the State Commissions. Besides, 92 posts of President, and 201 posts of Members are lying vacant in District Fora of various States/Union Territories. In the opinion of the committee the large number of vacancies in the State Commissions and District Fora may be due to inadequate salary and allowances as well as less honorarium being paid to the President and Members of the State Commission and District Fora. The Committee, therefore, recommend that the matter may be taken up with all the State Governments and Union territory Administrators to ascertain the reasons for existence of vacancies in the State Commissions and the District Fora and to impress upon them to pay adequate salary and honorarium to attract the best available talent.**

**b) Integrated Project on Consumer Protection Scheme:**

4.16 The Committee have been informed that to supplement the efforts of the State Governments/UT Administration for strengthening the infrastructure of Consumer Fora, the scheme 'Integrated Project on Consumer Protection' was implemented during the years 2006-07 and 2007-08 wherein financial assistance was extended to States so that minimum level of facilities (infrastructure) were provided to each Consumer Fora in the country required for their effective functioning. An amount of Rs. 73.82 crores was released to 21 States (upto 31.3.2008) for strengthening the infrastructure of 506 Consumer Fora. The second installment remained due in respect of construction of 181 Consumer Fora buildings in 12 States as these States could not complete utilization of the first installment in time. In view of this the Committee enquired the sort of monitoring mechanism exists to check the proper utilization of funds by the State/UTs, the Department in a note furnished to the Committee stated that the States/UTs are required to send periodic reports on utilisation of funds under the plan schemes of this Department. As per provisions of the General Financial Rules, 2005, States/UTs are also required to send Utilisation Certificates in the prescribed proforma. Moreover, before sanctioning further funds to a State/UT for the purpose of strengthening the infrastructure of consumer fora, which has received Grant-in-aid earlier from the Central Government for this purpose, the respective State/UTs is required to furnish consumer forum-wise details of utilisation of earlier funds and what gaps in infrastructure still need to be filled up so that minimum level of facilities are available at each consumer forum. Further to that, senior officers of the Department of Consumer Affairs have been making periodic tours to States/UTs to *inter-alia* oversee the utilisation of funds under different plan schemes of the Department of Consumer Affairs.

4.17 When asked about the steps the Government take when the funds for the development of schemes remain unutilized the Committee was informed that the Department of Consumer Affairs has been trying to ensure that the entire allocated funds for a particular scheme is utilised in that financial year itself. However, as the utilisation of funds depends on various other factors such as response of the States/UTs, action by

the implementing agencies, etc. the final utilisation figure may or may not match the allocated figure. If there is scope of savings under a particular scheme, the Department examines whether the savings under one scheme can be utilised under another scheme or not. If it is not possible to utilise the savings under another scheme, then the funds are surrendered towards the end of that financial year.

4.18 To enquiry about the States/UTs from whom utilization certificates of the funds have not yet been received, the Department replied that Certificate of complete utilisation of funds is yet to be received from many of the 21 States, which received Grants-in-aid from this Department for the purpose of strengthening the infrastructure of consumer fora during the last 3 years viz. 2006-07 to 2008-09. 6 States namely Rajasthan, Manipur, Meghalaya, Himachal Pradesh, Madhya Pradesh (in case of 3 newly created District Fora) and Haryana have yet to send Utilisation Certificates of a minimum of 75% of the funds released to them under the scheme of Integrated Project on Consumer Protection in order to be eligible for receipt of second instalment due for consumer fora buildings.

4.19 In reply to another question the Committee was informed that the evaluation study of the scheme of Integrated Project on Consumer Protection (IPCP) revealed the need to restructure the scheme for strengthening the infrastructure of consumer fora, if it is to be continued during the remaining period of the XIth Plan. This was on account of difficulty being faced in completing the buildings. This has been addressed by modifying the guidelines of the scheme. The basic difference in the new scheme, 'Strengthening Consumer Fora' vis-à-vis the earlier Xth Plan scheme of IPCP is that under the new scheme, the consumer fora have been categorised into the following four categories, which would enable release of grants to them for building assets on a graded system rather than release of grants for buildings on a fixed norm, as was the practice followed under the IPCP scheme:

- (i) Consumer Fora located in metropolitan/A-1 class cities (as per classification of the Government of India for grant of HRA to its employees);

- (ii) Consumer Fora located in difficult/hilly/less accessible areas;
- (iii) Consumer Fora located in State capitals; and
- (iv) Consumer Fora in other areas.

4.20 Asked whether any review of the scheme has been done before restructuring the scheme during XIth Plan period, the Committee was informed that the Tenth Plan scheme of 'Integrated Project on Consumer Protection' was got evaluated from an independent agency, as per directions of the Ministry of Finance. The major observations of the evaluation study were as follows:-

- i) Non-availability of Government Land, for construction of new buildings has been a big problem. In places where the land was identified, there have been problems in transfer of the same to the District Fora or the State Commission.
- ii) Higher cost of construction material has been a problem in some areas, more specifically in remote and hilly terrains.
- iii) To counter the problem of Non-availability of Government Land, provision of buying private land could be made.
- iv) Where the case load is high, more benches need to be set up and the funding should be done by the Central Govt. as the States would be unable to meet the financial requirement of such nature.
- v) In some cases, the constitution of the Forum has not been completed, i.e. all the staff has either not been appointed, or the members not nominated.
- vi) Money which is being sanctioned and released to the States is not being transferred immediately to the respective District Forum.
- vii) There are no funds for publicity, awareness generation provided to the Consumer Fora, neither is there any provision for it.
- viii) Preferably, the Chairman of the District Forum should be an independent person, who is not holding any other governmental position.

- ix) Higher cost of construction material has been a problem in some areas, more specifically in remote and hilly terrains.
- x) Due to inflation, the norms for non-building assets also need to be revised as also the list of permissible items that comprise the broad category of non-building assets.
- xi) Delay in transfer of money to the implementing agency has also resulted in cost escalation and the projects not being completed on time.
- xii) Considering that many of the States have not been able to mobilize funds for procuring the necessary land for building, therefore the Central Government should remove the clause making it mandatory for the States to provide the land either free of cost or meet the expenditure from its own budgetary resources.

4.21 The Committee note that to supplement the efforts of States/UTs, the Government have launched an 'Integrated Project on Consumer Protection Scheme' and released huge funds for strengthening the infrastructure of Consumer Fora. The Committee are dismayed to note that Rs. 73.82 crore was released to 27 States for construction of building of 506 Consumer Fora, but so far 12 States have not submitted the utilization certificates in respect of funds released to them and have not availed further assistance under the scheme. It is a matter of great concern that 6 States, namely, Rajasthan, Himachal Pradesh, Haryana, Madhya Pradesh, Manipur and Meghalaya to whom 75% of the funds were released, have not submitted the utilization certificates. The Committee view the situation seriously and strongly recommend that the Government should take up the matter with the defaulting States/UTs at the highest level to find out the circumstances under which the funds were not utilized. It should be ensured that the funds allocated for a particular scheme are utilized in the financial year itself.

4.22 The Committee regret to note that the study conducted by an agency to evaluate the Integrated Project on Consumer Protection Scheme have pointed out serious shortcomings in the implementation such as (a) non-availability of Government land for construction of building for Consumer Fora (b) higher cost of construction, especially in remote and hilly areas (c) inadequate staff (d) non-transfer of money to respective District Fora in time (e) non-availability of funds for generating awareness (f) difficulties being faced by the States/UTs in providing land free of cost or bear the cost of land from their own budgetary resources. The Committee wonder how the Government will achieve its target and do justice to the consumers till the aforesaid shortcomings are existing. The Committee are aware that the Government have modified the guidelines of the scheme. Under the new guidelines the Consumer Fora are divided into four categories so that funds are released to them for building assets on a graded system rather than release of grants for building on a fixed norm as was the earlier practice followed under the scheme. The Committee recommend that the Government make vigorous efforts to pursue the matter with State Governments/UTs to resolve the issues/shortcomings noticed by the evaluation agency and make sincere efforts for the implementation of the recommendation/suggestion.

**c) Consumer Welfare Fund:-**

4.23 Consumer Welfare Fund was created in 1992 with the objective of providing financial assistance to promote and protect the welfare of the consumers, create consumer awareness and strengthen consumer movement in the country, particularly in rural areas. The Fund was set by the Department of Revenue under the Central Excise and Salt Act, 1944, and is operated by the Ministry of Consumer Affairs, Food & Public Distribution. The Central Excise and Salt Act, 1944 was amended in 1991 to enable the Central Government to create the CWF where the money, which is not refundable to the manufacturers, consumers etc. is credited. The Consumer Welfare Fund Rules were framed and notified in the Gazette of India in 1992. Under these Rules, any agency/organization engaged in consumer welfare activities for a period of three years and registered under the Companies Act, 1956 or any other law for the time being in force, village/mandal/samiti-level cooperatives of consumers, industries State Governments etc. are eligible for seeking financial assistance from the Fund. An inter-Ministerial Standing Committee has been constituted under the Rules to make recommendations for proper utilization of the money credited to the Consumer Welfare Fund for the welfare of the consumers. . So far, a sum of about Rs.175.39 crores has accrued to the fund and an expenditure of Rs.53.33 crores has been incurred. During 2008-09 an amount of Rs.12,20,549 accrued to the fund and Rs.4, 90, 89,069 was spent during this period.

4.24 When asked in what manner the Consumer Welfare Fund protect the welfare of the consumers, the Committee were informed that project sanctioned under Consumer Welfare Fund helps to enhance Consumer Awareness and Consumer Welfare towards product testing, providing consumer advice and facilitating research in consumer areas.

The funds allocated to Consumer Welfare Fund for funding the schemes for the last three years are as under:-

(Rs. In crore)

Year	Budget Estimates (BE)	Actual Estimates
2006-07	33.00	6.72
2007-08	20.60.	8.73
2008-09	16.08	4.91
2009-10	13.90	4.95

4.25 From the above statement the Committee have observed that department could not utilize even half of the funds allocated for Consumer Welfare Fund for the last three years. The reasons for which has been stated was due to non receipt of proposal as per the Consumer Welfare Guidelines. Asked whether it was due to rigid terms and conditions laid down in the Guidelines for Consumer Welfare Fund, the Department in its reply stated that there has been less expenditure during 2006-07 and 2007-08 as the guidelines were under detailed revision. The new guidelines which are more transparent and in detail were issued only in November-2007. Secondly, during 2007-08 and 2008-09 current project could not be released full instalments due to settlement of outstanding Audit paras. This has delayed release of grant to some of the projects. When asked whether there is any proposal to relax the guidelines, the Department stated that the new guidelines were issued only in November 2007. At present there is no proposal to relax the guidelines. However, if it is found necessary guidelines would be modified to permit deserving projects to obtain access to the fund.

4.26 In order to promote consumer movement throughout the country, the State Governments and Union Territory Administrations have been impressed upon to create their own Consumer Welfare Fund. For strengthening financial support, the ratio of amount of seed money to be provided to the States/UTs have been increased from 1:10 to 50:50 (Centre:State). This ratio has been further enhanced to 90:10 in the case of 13 special category States as per decision taken in the 39<sup>th</sup> CWF Standing Committee

meeting. The Committee have been informed that so far 20 States have created State Consumer Welfare Fund in their State Budget. The States/UTs, who have not yet set up the State Consumer Welfare Fund in their respective States are Assam, Manipur, Meghalaya, Nagaland, Andaman & Nicobar Island, Bihar, Delhi, Jharkhand, Madhya Pradesh, Chandigarh, Daman & Diu, Dadra & Nagar Haveli, Lakshadweep and Pondicherry. In this context the Committee enquired the reasons for not setting up the Consumer Welfare Fund by these 14 States/UTs, the Committee were informed that as per the scheme Central Share of one time Seed Money is released to States after they credit their share of 50% to a separate non plan non-lapsable account. 14 states are yet to set up this account and credit their share. States are being reminded periodically about the importance of setting up State CWF to finance programmes of local importance.

4.27 The Department further stated that the Voluntary Consumer Organizations (VCOs)/NGOs were given financial assistance to promote Consumer movement in the country from Consumer Welfare Fund during the last three years. Asked whether the utilization certificates had been received from all the VCOs/NGOs the Committee were informed that 25 UCs were pending from VCOs/NGOs who had been given grant during the last three years. VCOs who had not submitted UCs after the expiry of stipulated time, were being pursued for early submission of UCs.

4.28 When enquired about the total amount to be recovered from VCOs/NGOs, the Committee were informed that as on date there are pending UCs from 23 organizations who have been released Rs.51,83,900 during the last three years. These organizations have been asked to expedite submission of UCs. Matter is also being taken up with State Govts. Only one VCO has been blacklisted so far during last three years. Separately a list of Organizations who have not furnished UC inspite of reminders is posted on the website of the Department.

4.29 The Committee note that the Consumer Welfare Fund was created with the objective of providing financial assistance to promote and protect the interest of the consumers, create awareness and strengthen consumer movement in the country. The fund which was set up by the Department of Revenue is operated by the Ministry of Consumer Affairs, Food and Public Distribution. Any agency/organization engaged in consumer welfare activities and registered under the Companies Act, 1956 is eligible for seeking financial assistance from the fund. The Committee are unhappy to note that the allocation of funds for the purpose has been considerably decreasing during the past three years. The BE which was Rs. 33 crore in 2006-07 has been reduced to Rs. 13.90 crore in 2009-10. The Committee regret that even the reduced funds could not be fully utilized during the past three years which is evident from the fact that out of Rs. 83.58 crore allocated from 2006-07 to 2009-10, the Ministry could utilize only Rs. 25.31 crore. The Committee are not convinced with the arguments of the Government that the funds were not fully utilized due to non-submission of utilization certificates from the VCOs/NGOs even after the expiry of stipulated time as it merely reflects the lack of proper monitoring over the scheme. The Committee note that under the scheme, Central share of one time seed money is released to States after they credit their share of 50% to a separate non-plan, non-lapsable account. The Committee are disturbed to note that 14 States are yet to create their State Consumer Welfare Fund and credit their share. The Committee feel that generating consumer awareness and strengthen consumer movement, particularly in the rural and remote areas, is a critical issue. The Committee, therefore, recommend

**that the Government should persuade the remaining States/UTs to provide their matching share and make necessary provision in their Budgets. Besides, the Department should strengthen its monitoring over the scheme, so that the funds are fully utilized in the financial year itself.**

## CHAPTER V

### **Revival of Super Bazaar:-**

The Cooperative Store Ltd., (Super Bazar) was registered under the Multi-State cooperative Societies (MSCS) Act, 1984 with its area of operation being the entire country. The Super Bazar had a total membership of 40020. The total paid up share capital, as on 31.3.2009 was Rs. 158.99 lakhs of which Government of India's contribution was Rs. 116.49 lakhs *i.e.* 73%. Since the Cooperative Store Ltd., was continuously running on loss, the Central Registrar of Societies, Department of Agriculture and Cooperation, after following the due procedure, issued order for winding up of the Super Bazar on 5.7.2002 under sub section (2) of section 77 of Multi State Cooperative Societies Act, 1984 and appointed an Official Liquidator (OL) to complete the proceedings. The Liquidator assumed office on 25.7.2002.

5.2 The Hon'ble Supreme Court disposed the Special Leave Petition filed by the employees union namely Super Bazar Karamchari Dalit Sangh on 26.2.2009 with the directions to take steps for revival of Super Bazar. In this connection the Committee asked whether the employees union is satisfied with the decision of Supreme Court. The Department informed that all the three employees unions and other parties have gone through the report of Evaluation Committee. The representatives of employees unions and other respondents parties have raised no objection to the views expressed by the Evaluation Committee constituted by the Supreme Court. When the Committee asked whether dues and liabilities of Super Bazar have been settled, the Department stated that dues and liabilities of Super Bazaar are yet to be settled. The creditors and local authorities have been requested to confirm their dues at the earliest.

5.3 Asked whether Hon'ble Court has given any time limit to start functioning of the Super Bazar, the Department stated that the Supreme Court has not given any time limit to start functioning of Super Bazar. However, the efforts are made to take steps for early revival of Super Bazar to protect the interest of workers. When pointed out that the issue of revival of Super Bazaar has been badly delayed, the Department stated that on 26.2.2009 after accepting the report of the Evaluation Committee, the Hon'ble Supreme

Court directed the Official Liquidator and Central Registrar of Cooperative Societies to take steps for revival of Super Bazar. The dues of all creditors and claimants were ascertained by the Official Liquidator in order to settle the liabilities of Super Bazar. On the request of the successful bidder, the management control of Super Bazar was given to the Administrators, on 9.7.2009 to manage the day to day affairs. Action is being taken by them to commence the operations of Super Bazar.

5.4 The Committee are happy to note that the Special Leave Petition filed by Employees Union, namely Super Bazaar Karamchari Dalit Sangh has been disposed off by Hon'ble Supreme Court on 26.02.2009 with the direction to take steps for revival of Super Bazaar. The Committee find that the representatives of employees union and other respondents' parties have raised no objection with regard to views expressed by the Evaluation Committee constituted by the Supreme Court over revival of Super Bazaar. As the issue of revival of Super Bazaar has been badly delayed, the Committee recommend that the Department should take the initiative to clear the dues and liabilities of all the creditors and claimants at the earliest and to take steps for early revival of Super Bazaar to protect the interest of workers. The Committee also desire that before handing over the management of Super Bazaar to a Group or Society, it must be ensured that it has adequate infrastructure, experience and financial capacity to run the business.

## CHAPTER VI

### **Bureau of Indian Standards (BIS)-**

With the changed socio-economic environment, higher pace of industrialization, technological advancement and rising expectations of the consumer, the Bureau of Indian Standards was set up as a statutory organization under the Bureau of Indian Standards Act, 1986 taking over assets and liabilities of the Indian Standards Institution (ISI), which had started functioning in the year 1947 with Headquarters at new Delhi. It has a network of five regional offices, 33 branch offices, 5 inspection offices and 8 laboratories which act as effective link between BIS, government, industry and consumers. Bureau has made a steady progress in various fields of its key activities, namely Standards formulation, product and system certification schemes.

6.2 The BE, RE and Actual Expenditure incurred by BIS during 2007-08 and 2008-09 for Standardisation and Quality Control and BE for 2009-10 is as under:

(Rs. in crore)			
Year	BE	RE	Actual Expenditure
2007-08	10.80	9.14	0.50
2008-09	18.69	0.63	0.66
2009-10	13.72	-	-

6.3 From above statement it may be observed that the BE of Rs.18.69 crore in 2008-09 was reduced to Rs.0.63 crore at RE Stage. Asked whether it was due to lack of proper planning on the part of Department of Consumer Affairs, the Committee was informed that the Scheme on National System for Standardization for Rs. 22.23 crore

was approved on 7.09.2008. Since the Scheme was approved late during the year and thereafter a number of preliminary activities were to be carried out by BIS (the executing agency) before commencement of the Scheme. A realistic assessment of the likely expenditure on it during the year was carried out and release of funds to the executing agency was restricted to amount of Rs. 0.66 crore. On the Scheme on National System for Conformity Assessment and Compliance, Planning Commission had some reservations in the context of the inconsistencies in the recommendations made by two of the Working Groups on 11<sup>th</sup> Five Year Plan, viz. Working Group on Consumer Protection and Working Group on Quality Certification. The Commission wanted to have further review of the Scheme, and, therefore, approval could not be obtained for it during the year. Upto 31.8.2009 no expenditure under the scheme has been incurred because of non-receipt of satisfactory Utilisation Certificate from implementing agency. Release of funds during the current year would be considered on receipt of necessary Utilisation Certificate and proposal for release of funds from implementing agency.

6.4 It has been observed that under the BIS scheme the allocation for 2009-10 was Rs.13.72 crore but no expenditure has been incurred upto 31.8.2009. The reason for nil expenditure is stated to be non receipt of satisfactory utilization certificate from the implementing agency. In this context, when the Committee asked the reasons for non receipt of utilization certificate by the implementing agencies, the Committee were informed that since the Schemes were approved late in the year 2008-09 and thereafter a number of preliminary activities were to be carried out by BIS, the executing agency, before their commencement, the funds released during the year could not be utilized by it. Since unspent funds were already available with the agency at the commencement of the current financial year for meeting the expenditure on the Schemes, no funds have been released to it so far.

6.5 When the Committee asked to furnish the State-wise agency from whom utilization certificates are to be received, the Department informed to the Committee that Utilization Certificates are to be received from Bureau of Indian Standards, the executing agency and not from States.

## **Gold Hallmarking Scheme**

6.6 The Scheme on Hallmarking of Gold Jewellery was launched by BIS in April 2000 to provide third party assurance to consumers on the purity of gold jewellery or its fineness. Under the scheme a jeweler has to obtain Hallmark licence from BIS to get his jewellery hallmarked. Hallmarking Centres where the purity of jewellery is assessed are recognized by BIS after ensuring that the Centres have required infrastructure for Assaying and Hallmarking of gold jewellery in addition to security and safety of the same. The Systems Certification and Hallmarking of Jewellery during 2007-08 and 2008-09 are as under:

Sl. No.	Subjects	Targets (2007-08)	Achievements (2007-08)	Targets (2008-09)	Achievements (2008-09)
1	Systems certification	165	97	165	94
2	Hallmarking of Jewellery	2825	2100	2500	1244

6.7 From the above statement it has been noted that there is a declining trend in terms of physical achievements made during the year 2007-08 and 2008-09. When asked about the reasons for not achieving the target of systems certification and Hallmarking of jewellery during 2007-08 and 2008-09 the department in their reply stated that the declining trend in physical achievements in respect of Systems Certification is due to non introduction of compulsory hallmarking of gold jewellery articles w.e.f 1<sup>st</sup> January, 2008 in a phased manner, as decided earlier, for want of an enabling legislative framework for its implementation under the Bureau of Indian Standards Act. Therefore, of late, the jewellers have been loosing interest in getting their jewellery articles hallmarked. Amendment of the BIS Act to facilitate introduction of the scheme is actively under consideration in consultation with Ministry of Law & Justice.

6.8 As regards the steps taken by the Department of Consumer Affairs/BIS to provide adequate infrastructure facilities particularly in remote and backward areas, the Committee was informed that BIS has been operating a scheme for recognition of Assaying & Hallmarking Centres from the year 2000 onwards under which these Centres

meeting the prescribed criteria are authorized to do hallmarking of gold and other precious metal articles. Apart from the BIS Scheme, the Government has also been operating a scheme for extension of financial assistance to encourage entrepreneurs to set up such Centres in the country. Under the scheme, financial assistance of 15% of the cost of equipment and machinery, subject to a maximum of Rs.15 lakhs per Centre is extended to the entrepreneurs. To encourage setting up of such Centres in the North Eastern Region and Special Category States of Himachal Pradesh, Jammu & Kashmir and Uttarakhand, higher financial assistance of 30% of the cost of equipment and machinery, subject to a maximum of Rs.30 lakhs per Centre is extended. While considering requests for assistance under the scheme, preference is given to entrepreneurs for setting up of such Centres in the remote and backward areas of the country. The Hallmarking of Gold Jewellery Scheme has not been popular apparently since such centres may not be viable in the States and Cities which are not major gold consuming/producing centres.

6.9 The Department of Consumer Affairs has furnished the following statement showing the list of State-wise Assaying & Hallmarking Centres:-

<b>S. No.</b>	<b>Name of the State/UT</b>	<b>Number of Centres</b>
1.	Andhra Pradesh	09
2.	Chandigarh	01
3.	Chhattisgarh	01
4.	Gujarat	14
5.	Haryana	01
6.	Jharkhand	01
7.	Karnataka	12
8	Kerala	21
9.	Maharashtra	21
10.	Madhya Pradesh	03
11.	New Delhi	19
12.	Orissa	02

13.	Punjab	01
14.	Rajasthan	01
15.	Tamil Nadu	26
16.	Uttar Pradesh	04
17.	West Bengal	10
	<b>Total</b>	<b>147</b>

6.10 It has been noted from the above statement that 147 hallmarking centers have been set up in 17 States/UTs but no such centers exist in remaining 18 States/UTs specially in the States of Bihar, Himachal Pradesh, Jammu & Kashmir, Goa and North Eastern States. Besides there is only one hallmarking centre in Haryana and Punjab whereas 19 such centers have been set up in NCT of Delhi. When asked the reasons for not setting up of hallmarking/assaying centers in most of the States/UTs, the Department in their replies stated that as per the World Gold Council data, 67% of total gold offtake in the country is confined to 7 major consuming States of Tamil Nadu, Kerala, Karnataka, Andhra Pradesh, Maharashtra, Gujarat & Delhi. Further, 88% of gold jewellery is being produced in 67 cities in the country and the remaining 12% in the other towns, villages and remote areas put together. As such the requirement of Assaying & Hallmarking Centres is more in these major consuming States/production centres and accordingly, more such Centres have come up at these places. Apparently, the quantum of jewellery being produced/consumed in the other States/UTs is not sufficient to generate adequate response of entrepreneurs to set up Assaying & Hallmarking Centres there, where such Centres may not be viable.

6.11 The Committee are not satisfied as far as the financial performance of the Bureau of Indian Standards (BIS) is concerned due to the fact that Planning Commission have been allocating huge funds every year but not even one percent of the funds was utilized by BIS. For example, during 2007-08, the BE was Rs. 10.80 crore and RE was Rs. 9.14 crore whereas the actual expenditure was only Rs. 0.50 crore. Similarly, during 2008-09, the BE was Rs. 18.69 crore which was lowered down to Rs. 0.63 crore at RE stage and the actual expenditure was Rs. 0.66 crore. The Committee regret that for all the schemes, the reasons for under spending given by the Department is non-submission of the utilization certificates from the implementing agencies which in the opinion of the Committee indicates lack of proper planning and very poor monitoring over the schemes. In the instant case, the utilization certificates are to be received from BIS, the executive agency and not from the States. The Committee feel that Standardization and Quality Control is a very crucial element for proper functioning of BIS Act. However, this requires timely receipt of satisfactory Utilization Certificate from implementing agency so that the actual requirement for Standardization and Quality Control could be worked out and right estimates could be made accordingly. The Committee would, therefore, recommend that the Department should take pre-emptive steps to further the implementation of the schemes by directing the BIS, to timely submit Utilization Certificates so that funds could be utilized fully without any hindrance.

6.12 The Committee note that the scheme of Hallmarking of Gold Jewellery was launched by BIS in April 2000 to provide third party assurance to consumers of the purity of gold jewellery or its fineness. Under the scheme, a jeweller has to obtain Hallmark License from BIS to get his jewellery hallmark. For this, the Government has set up Assaying and Hallmark Centres throughout the country. The Committee are unhappy to note that there was a declining trend in terms of physical achievements made during 2007-08 and 2008-09 against the target fixed. So far, 147 hallmarking centres have been set up in 17 States/UTs whereas the consumers of remaining 18 States/UTs, especially in the States of Bihar, Himachal Pradesh, J&K, Goa and North-eastern are deprived of the benefit of hallmarking scheme. Besides, there is one hallmarking centre each in Haryana and Punjab whereas 19 such centres have been set up in NCT, Delhi. The Committee do not appreciate the contention of the Department that the quantum of jewellery being produced/consumed in the other States/UTs is not sufficient, so setting up the Assaying and Hallmarking Centres in such centres may not be viable. In the opinion of the Committee, the Government should conduct a study to know the quantum of jewellery being produced/consumed in the remaining States/UTs and to ascertain the viability of setting up of Assaying and Hallmarking Centres. The Committee, therefore, recommend that the BIS should make sincere efforts to provide facility of Assaying and Hallmarking of Gold and Silver Jewellery in remote and backward areas so that the interests of consumers are protected by way of ensuring value of money.

## CHAPTER VII

### **Regulation of Forward Market:-**

A Futures Contract is an agreement between two parties to buy or sell an asset at a certain time in the future for a certain price. The price of the contract is determined on the basis of the underlying asset (whether a commodity, stock or foreign exchange), e.g., the price of wheat futures contract would be governed by the factors impacting the price of wheat. The Futures Market performs two important economic functions, namely, of price discovery and price risk management with reference to a given commodity. They are useful to all segments of the economy. They provide facility to producers, exporters, traders as well as farmers to protect themselves against the adverse movements in the prices of the commodities they are dealing with. In order to ensure that the futures markets perform their assigned economic functions efficiently and transparently the regulation of forward trading is done by a three tier regulatory structure, viz., the Central Government, Forward Markets Commission and the recognized Commodity Exchanges/Association. The recognized Exchanges/Associations provide the framework of rules and regulations for conduct of trading, clearing and settlement. In pursuance of these rules and regulations, futures trading in commodities is to be conducted by the participants in the market. The Forward Markets commission performs the role of a regulator.

7.2 The BE, RE and actual expenditure incurred during 2007-08 and 2008-09 for 'Strengthening of FMC' and BE for 2009-10 as per the outcome budget is as under:-

(Rs. in Crore)

Outlay	Budget Estimates	Revised Estimates	Actual Expenditure
2007-08	19.50	9.75	2.46
2008-09	20.70	3.60	3.31
2009-10	16.20	-	-

7.3 Asked as to why the BE was sharply reduced from Rs. 20.70 crore to Rs. 3.60 crore at Revised Estimates stage during 2008-09, the Department stated that the Operationalisation of most of the schemes under “Strengthening of FMC” are linked to 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 developmental activities. Presently, there is a significant staff turnover (due to the narrow scope of manpowers sourcing through deputation from Government and Semi-Government sources only) and consequently, the IT related and training related expenditure could not be incurred as earlier envisaged. Also the envisaged expenditure for Upgradation of Office Infrastructure and shifting into new office premises could not be incurred as there was no fresh infusion of staff due to delays in amendment of the Act. The Price Dissemination Scheme, being the first of its kind, took time in getting Finance Ministry clearance and also required detailed and meticulous planning, several trial runs and confabulations with diverse state governments, state agriculture marketing boards and APMCs resulting in delays in its implementation. Keeping these factors in mind, the RE was reduced to Rs. 3.6 crore.

7.4 The Committee while examining the subject Price rise of Essential Commodities had observed that no study /survey has been conducted by the Government to ascertain the percentage of small and marginal farmers benefited from future/forward trading. When enquired about the steps taken by the Government to conduct study/survey to ascertain the percentage of small and marginal farmers, the Department of Consumer Affairs in a note furnished to the Committee stated that the proposal for conducting a study to ascertain the extent to which small and marginal farmers benefited from futures trading is under the consideration of the Ministry. Expression of interest for conducting the study was received from the Indian Institute of Management, Bangalore, the Indian Institute of Management, Lucknow, VAMNICOM (Pune), Kerala Agriculture University and NABARD Consultancy Service (NABCONS). After scrutiny of the proposals and on the basis of presentations made, it was decided to award the study jointly to the Indian Institute of Management, Lucknow and NABCONS. Indian Institute of Management, Lucknow was assigned to study the impact of futures trading on small and marginal farmers growing soyabean, cumin seed, guar seed, mustard seed, channa, menthol,

potato, wheat and maize in the States of Madhya Pradesh, Rajasthan, Uttar Pradesh, Haryana and Bihar. NABCONS was assigned to study the impact of futures trading on small and marginal farmers growing cotton, coffee, jeera, turmeric, chilli, maize, cardamom and rubber in the States of Punjab, Gujarat, Kerala, Karnataka and Maharashtra. All the crops identified for the study are actively traded on the futures platform. The study is expected to be completed by June 2010. The proposal for award of study was forwarded by FMC to the Ministry and is currently under their consideration.

7.5 The Future Contract Bill to strengthen the regulatory framework and confer autonomy on the regulator has not yet been passed by the Parliament. Asked about the improvement in the functioning of FMC after amendment in the Forward Contract Regulation Act the Committee was informed that the Forward Contract (Regulation) Amendment Bill, is yet to be passed by the Parliament. An ordinance was promulgated on 31st January 2008, giving effect to these amendments and a bill was introduced in the Lok Sabha in the 2008 budget session to convert the Ordinance to an Act. However, the Bill could not be taken up by the House and the ordinance lapsed on 7th April 2008.

7.6 But once the FC(R) amendment is passed, FMC will be able to further strengthen its manpower and resources to strengthen the market surveillance, introduce new products, bring in institutional participation and most importantly, provide dedicated resources to market development, creation of awareness and focused farmer- centric programmes.

### **Staff strength of FMC**

The Department has furnished the following statement showing the staff strength of the Forward Market Commission:-

<b>Group of Post</b>	<b>Sanctioned strength</b>	<b>In position</b>	<b>Vacant</b>
Group 'A'	55	34	21
Group 'B' (including supdt.)	19	09	10
Group 'C'	47	31	16
Group 'D'	15	09	06
<b>Total</b>	<b>136</b>	<b>83</b>	<b>53</b>

7.7 It has been observed that there is a staff strength of 136 Officers of which 83 are in position, while 53 posts are lying vacant as on 31<sup>st</sup> March, 2009. The position of Group 'C' and 'D' posts are worst, where out of 47 sanctioned posts, 16 are vacant in Group C and 6 out of 15 are vacant in Group D.

7.8 When enquired about the reasons for such a large number of Posts lying vacant against the sanctioned strength of the staff, the Department stated that it was due to lack of response / non-availability of suitable officers from Govt. organizations. Other vacancies have occurred due to departure of deputed officers on completion of tenure or due to premature recall by parent organizations.

7.9 When enquired about the efforts made by the FMC to fill these Vacant Posts, the Chairman, FMC stated that at present, of the 39 posts, 25 posts are filled up and 14 posts (9 Directors and 5 Dy. Directors) are vacant. Given the technical nature of the jobs and the Government pay structure and the condition of sanction that these posts need to be filled up from Government /Semi-Government organizations on deputation basis. It has taken time to fill these posts. Fresh action to fill up the 14 vacant posts has been initiated. Some applications for the vacant posts have been received on the basis of the circulation of posts to various departments and display on the Commission's website. Advertisement has also been given in the Employment News and last date for receipt of applications is 14.11.2009. All applications received till then will be processed expeditiously and efforts will be made to fill up the posts within 2 months.

7.10 As regards 7 IES cadre posts at the Dy. Director/Asst. Director level, the cadre authorities have not been able to fill up these posts. They are being reminded again. 9 posts of Economic Officers (Group B-gazetted) are not allowed to be filled up as the incumbents have been promoted on deputation (internally). As regards non-gazetted posts, for some of them either suitable candidates are not available or SSC-selected candidates did not join etc. Overall, due to the constraints of the governmental structure and rules and regulations, the posts are lying vacant.

7.11 When asked whether the FMC is able to run the work smoothly with the limited staff, the Department stated that inspite of some vacancies at the crucial level *i.e.* Director/ Dy. Director, FMC is managing the work with the staff available. FMC is performing its essential functions. However, other activities like training and awareness programmes have been adversely affected.

7.12 The Committee note with concern that though the Planning Commission has been allocating huge funds every year to Forward Market Commission (FMC) for regulating the Future/Forward trading in the country, but FMC have not been able to utilize even fifty percent of the allocated funds. For instance, during 2007-08, the BE for the year 2007-08 was Rs. 19.50 crore which was cut down to Rs. 9.75 crore whereas the expenditure was only Rs. 2.46 crore. Similarly, during 2008-09, the BE was Rs. 20.70 crore which was drastically reduced to Rs. 3.60 crore at RE and the expenditure was Rs. 3.31 crore. The plea of the Government that the funds could not be utilized due to non-passage of Forward Contracts (Regulation) Amendment Bill as operationalisation of most of the schemes under strengthening of FMC are linked with the said Bill is not acceptable to the Committee. In the opinion of the Committee, the FMC should improve its performance with the existing resources and management at their end, without waiting for the passage of Forward Contracts (Regulation) Amendment Bill. The Committee are aware of the fact that the Forward Contracts (Regulation) Amendment Bill was introduced in Lok Sabha in 2008 to convert the Ordinance into the Act. However, it got lapsed due to dissolution of the 14<sup>th</sup> Lok Sabha. The Committee, therefore, recommend that the Government should re-introduce the Forward Contracts (Regulation) Amendment Bill in Parliament in order to strengthen the regulatory framework and confer autonomy on the regulators. The Committee also recommend that findings of the study conducted by the Government to ascertain the impact of the Future/Forward trading on small and marginal farmers be implemented in letter and spirit.

7.13 The Committee note that the sanctioned strength of FMC is 136 out of which only 83 are in position while 53 posts are lying vacant. The Committee note with surprise that even 22 posts in Group 'C' and 'D' are lying vacant in FMC which in the opinion of the Committee is nothing but deplorable. The plea of the Government that posts of senior cadre could not be filled due to non-availability of suitable candidates is not convincing to the Committee. In the opinion of the Committee, there is no dearth of educated candidates with technical qualification who are in search of employment. The Committee, therefore, strongly recommend that Government should take urgent necessary action to fill up all the vacant posts of FMC without waiting for the passage of Forward Contracts (Regulation) Amendment Bill so that the regulatory work is not suffered for want of suitable candidates.

## CHAPTER VIII

### Price Monitoring of Essential commodities:-

The Department of Consumer Affairs is entrusted, *inter-alia*, with the task of monitoring of the prices and availability of essential commodities in the country. The Price Monitoring Cell (PMC) in the Department regularly monitors on a daily basis the retail prices of 17 essential commodities, *viz.*, rice, wheat, atta, gram dal, tur/arhar dal, moong dal, urad dal, masoor dal, tea, milk, sugar, vanaspati, mustard oil, groundnut oil, potato, onion and salt. Reports in this regard are sent regularly to PMO, Cabinet Secretariat, Ministry of Finance and other concerned Departments. For monitoring of prices, information on daily retail prices of 17 essential commodities from 27 centres and wholesale prices on weekly basis from 37 centres spread all over the country are collected through the Civil Supplies Departments of State Governments /UT Administrations. A weekly report on the price situation is also prepared based on the data received from these centers and circulated to the concerned nodal Departments including PMO, Cabinet Secretariat etc. for information and necessary action. The Price Monitoring Cell of the Department of Consumer Affairs prepares a daily report on the retail prices and circulates the same to **PMO, Cabinet Secretariat, Ministry of Finance and other concerned Departments.** Besides, the situation of prices of essential commodities is regularly monitored by the Committee of Secretaries (CoS) and the Cabinet Committee on Prices (CCP), notes for which are prepared and circulated by the PMC. The retail prices of essential commodities are updated daily in the website of the Department of Consumer Affairs: <http://fcamin.nic.in>.

### Trend in WPI based Inflation rate

8.2 A statement showing the monthly retail prices of essential commodities prevailing in different regions of the country is given below:

Commodity	Price as on	1 Week Back	1 Month Back	3 Month Back	6 Month Back	1 Year Back
	19.11.09	12.11.09	19.10.09	19.08.09	19.05.09	19.11.08
Rice	22	22	23	20	20	22
Wheat	15	15	13	13	14	13
Atta	17	18	15	14.5	15	14
Gram Dal	40	40	38	39	34	38
Tur Dal	90	90	82	85	60	50
Urad Dal	77	77	63	60.5	56	47
Moong Dal	82	81	67	60.5	57	47
Mansoor Dal	70	72	71	69	58	60
Sugar	38	38	32	30	27	20
Milk @	22	22	21	21	21	21
Groundnut Oil	111	10-1	101	110	109	111
Mustard Oil	66	63	61	70	71	78
Vanaspati	56	51	51	59	56	60
Tea Loose	155	155	154	145	146	140
Salt Pack I	12	12	12	12	12	11
Potato	21	23	24.5	17.5	11	11.5
Onion	23	24	26	14	11	18

Note: \* refined @ per litre Source: State Civil Supplies Department.

8.3 When asked about the mechanism with the Department to find out the reasons for increase in the prices of various Essential Commodities especially the foodgrains the Committee was informed that Demand for various essential commodities is growing on account of increase in population and income. This has coincided with hardening of international prices at the same time. Apart from these additional factors *viz.*, changes in consumption pattern, diversion of food grains for fuel, hike in MSP, adverse weather and

climate change, increase in crude oil prices, and increase in freight rates also have had an impact on the prices of these commodities. Market expectations and sentiments also play a major role in price rise. In the current context, delayed monsoon has triggered an expectation of lower production which has also contributed to pushing up the price level of food articles. The Department has further stated that they are regularly collecting information from various Government Departments as well as other sources, including various publications, web-sites etc. They are also in touch with the State Governments for any deviation in prices of essential commodities reported by the State Governments.

8.4 The Department in their reply stated that they have found out a number of reasons through various sources for increase in the prices of essential commodities including foodgrains. The Price Monitoring Cell in the Department also received feed back from State Civil Supplies Departments. In this context when the Committee asked as to why the Department could not take the advance action to control the prices when the reasons are well known to them, the Department informed the Committee that wholesale and retail prices are monitored by this Department. Price rise may be seasonal or secular. In the case of the former, the market corrects itself. However, whenever a long term or unusual trend (rising or declining) is observed, this department attempts to decipher the reasons for the same and bring it to the consideration of the High level committees after whose deliberations/directions the Departments/ Ministries concerned take necessary action.

8.5 When asked about the measures taken by the Government to control the prices of Essential Commodities, the Department stated that they have taken the following measures to stabilize the prices during last 3 years:

### **Fiscal Measures**

- (i) Reducing import duties to zero for rice, wheat, pulses, edible oils (crude) except soya oil, maize and butter and ghee;
- (ii) Reducing import duties on refined and hydrogenated oils and vegetable oils to 7.5%;
- (iii) Imposing a 20 per cent import duty on crude degummed soyabean oil, w.e.f. 18.11.2008.

## 2. Administrative Measures

- (i) Banning export of non-basmati rice, wheat and pulses (except kabuli chana), edible oils. However, exports of edible oils in branded consumer packs of upto 5 kgs, subject to a limit of 10,000 tonnes is permitted upto 31-10-2009. Export of non-basmati rice in respect of 100% Export Oriented Units (EOUs) has also been relaxed *w.e.f. 18.11.2008*
- (ii) No changes in Tariff Rate Values of edible oils;
- (iii) The periodic enhancements in MSP- currently Rs. 1080 per quintal for wheat, Rs. 850 per quintal for common rice and Rs. 880 per quintal for Grade A rice, to maximize procurement of wheat and rice.
- (iv) Reducing the import duty on Skimmed Milk Powder (SMP) from 15% to 5%.
- (v) Using Minimum Export Price (MEP) to regulate exports of onion (averaging at \$320 per tonne for February 2009) and basmati rice (\$1100 PMT).
- (vi) Maintaining the Central Issue Price (CIP) for rice (at Rs. 5.65 per kg for BPL and Rs. 3 per kg for AAY) and wheat (at Rs. 4.15 per kg for BPL and Rs. 2 per kg for AAY).
- (vii) Futures trading in Rice, Wheat, Urad and Tur suspended by the Forward Market Commission in the year 2007-08 continued during the year 2008-09 and 2009-10. Futures trading in sugar has been suspended *w.e.f. 27.5.2009 upto 31<sup>st</sup> December, 2009*.
- (viii) Reducing prices of petrol and diesel prices by Rs. 5 and Rs. 2 a litre respectively, effective midnight of 5.12.08. Prices of petrol, diesel and LPG were further reduced by Rs. 5, Rs. 2 a litre and by Rs. 25 per cylinder respectively, effective midnight of 28.1.2009.
- (ix) Distribution of one million tonnes of imported edible oils to States/UTs at a subsidy @ Rs.15/kg.
- (x) To augment availability of pulses, the Public Sector Undertakings (namely, STC, MMTC, and PEC) and NAFED were permitted to import and sell pulses under a scheme and losses, if any, up to 15% will be reimbursed by the Government.
- (xi) Distribution of imported pulses to State Governments at a subsidy of Rs.10/- per kg.

- (xii) Government extended the validity of the Central Notification dated 29.08.2006 in respect of wheat and pulses for a further period of six months beyond 31.08.2008 up to 30.04.2009. Government also imposed similar restrictions by keeping in abeyance some provisions of Central order dated 15.2.2002 in respect of rice, paddy, edible oils and oilseeds for a period of one year w.e.f. 07.04.2008.
- (xiii) During the year 2006-07, State Trading Corporation (STC) contracted for import of 54.5 lakh tonnes of wheat to supplement domestic availability. During 2007-08 Public Sector Agencies STC, MMTC, PEC have imported about 18.0 lakh tonnes of wheat to augment availability of wheat.
- (xiv) During the year 2006-07, National Agricultural Cooperative Marketing Federation of India Ltd. (NAFED) executed a contract for import of 49,300 MTs of pulses, at the initiative of the Government. During 2007-08, the State agencies (NAFED, PEC Ltd., MMTC and STC) have contracted to import about 1.4 Million Metric Tonnes (MMT) of pulses, as per initiative of Government, out of which 13.18 lakh tonnes have arrived up to 26.12.2008. During the year 2008-09, State agencies have further contracted to import about 106,000 metric tonnes, out of which 7.98 lakh tonnes have arrived upto 11.2.2009.
- (xv) Public Sector Undertakings (PSUs) have imported 46,500 tonnes of palm oils during 2007-08.

### **3. Monetary Measures**

- (i) The Reserve Bank of India (RBI) took the following steps to reduce liquidity in the system by increasing the cash reserve ratio (CRR) of the scheduled commercial banks, regional rural banks (RRBs), scheduled State co-operative banks and scheduled primary (urban co-operative banks) during early part of 2008-09, but resorted to liberalizing these measures towards the end of the year to infuse liquidity to stimulate the economy impacted by the global slow down.

#### **Medium Term Measures:**

In the medium term, Government has taken initiatives such as the National Food Security Mission (NFSM), Rashtriya Krishi Vikas Yojna (RKVY) to improve production and productivity in agriculture.

## **ANTI BLACK-MARKETING / DEHOARDING DRIVE AGAINST EARRING TRADERS/STOCKIEST AND ENTREPRENEURS**

8.6 For the prevention of unethical trade practices like hoarding and black-marketing etc. the “Prevention of Black –marketing and Maintenance of Supplies Act, 1980” is being implemented by the State Governments/UT Administrations. The Act empowers the Central & State Governments to detain persons whose activities are found to be prejudicial to the maintenance of supplies of commodities essential to the community. There is a standing order issued to all the State Governments and UT Administrations to submit monthly reports to the Central Government (Department of Consumer Affairs) indicating the action taken under the provisions of the Essential Commodities Act,1955 as also the Prevention of Black-marketing and Maintenance of Supplies of Essential Commodities Act, 1980. The defaulting State Governments/UT Administrations are reminded periodically. When asked whether all the States/UTs have been persuaded to strengthen their enforcement machinery for the purpose and submit monthly report to the Central Government. The Committee was informed that the State Governments/UT Administrations were requested *vide* this Department's d.o. letter Nos.13(1)/2007-ECR&E dated 15.12.2008 from Addl. Secy.(CA), *inter-alia*, to furnish the action taken reports in time and also furnish reasons for low prosecution/conviction *vis-à-vis* the number of arrests.

8.7 Because of the regular interaction with the State Governments/UTs some State Governments have taken action against unscrupulous persons and reported detention under the Prevention of Blackmarketing and Maintenance of Supplies of Essential Commodities Act, 1980. The number of detention reports received from various State Governments during the year 2008 and 2009 (Upto 31.08.2009) is as given below:

<b>S. No.</b>	<b>Name of the State Govt.</b>	<b>During 2008</b>	<b>During 2009 (Upto 31.08.2009)</b>
1.	Gujarat	16	10
2.	Tamil Nadu	141	78
3.	Orissa	01	02
4.	Andhra Pradesh	04	-
5.	Maharashtra	-	02
	<b>TOTAL:</b>	<b>162</b>	<b>92</b>

8.8 As regards steps taken by the Government to check hoarding and blackmarketing of essential commodities the Committee was informed that 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. Directions have been given to States/UTs from time to time to take necessary actions under both the Acts to prevent hoarding and smuggling. Secretary (Consumer Affairs) had *vide* his d.o. letter dt. 14.06.2007 advised Chief Secretaries of all States/UTs, to strengthen the enforcement machinery to prevent mal practices in essential commodities and take necessary action against the unscrupulous persons indulging in hoarding and blackmarketing of essential commodities.

8.9 Asked whether monthly report with regard to detention cases is submitted to the Central Government on a regular basis, the Department stated that the State Governments/UT Administrations have been given directions to furnish the Monthly Action Taken Reports under the Prevention of Blackmarketing and Maintenance of Supply of Essential Commodities Act, 1980. However, most of the State Governments/UT Administrations do not furnish the information or furnish NIL information and they are being requested repeatedly to furnish the same. ( 17 States have given NIL reports during 2009, 16 States have not given any report and only two States *viz.* Tamil Nadu and Gujarat have given details.)

8.10 The Committee express their concern over the rising trend in prices of almost all the essential commodities, particularly the foodgrains during the last one year. The Committee observe from the trend in prices of foodgrains that the prices, especially pulses and sugar, raised from 50% to 100% during the last year. The Department of Consumer Affairs is entrusted *inter-alia* with the task of monitoring of the prices and availability of essential commodities in the country. The Price Monitoring Cell in the Department of Consumer Affairs prepares a daily report on the retail prices and circulate the same to PMO, Cabinet Secretariat, Ministry of Finance and other concerned Ministries and suggest measures for stabilizing the prices. The reasons for increase in the prices, especially the foodgrains, are (i) Growing demand due to increase in population and income (ii) Change in consumption pattern (iii) Diversion of foodgrains for fuel (iv) Hike in Minimum Support Price (v) Adverse weather and climate change (vi) Increase in crude oil prices (vii) Increase in freight rates and (viii) Delayed monsoon. The Committee are astonished to observe that when the reasons for hike in prices are well known to the Government, why it could not take advance action to control and stabilize the retail prices in the country. In order to control the prices of essential commodities, especially the foodgrains, the Government have taken a number of fiscal, administrative and monetary measures such as reduction on import duty to zero on rice, wheat, pulses and edible oil and imposing ban on their export, enhancement in MSP, maintaining the CIP (Central Issue Price) of wheat and rice for BPL and AAY, suspension of future trading in rice, wheat, urad and tur, reduction in prices of petrol and diesel, import of pulses and edible oils

for distribution to poor families at subsidized rate, extension of validity of Central Notification and improved the production and productivity of foodgrains through National Food Security Mission (NFSM) and Rashtriya Krishi Vikas Yojana (RKVY). The Committee observe that despite the aforesaid measures taken by the Government, the prices of the essential commodities did not show any decreasing trend. The Committee feel that there is an urgent need to control the prices of essential commodities especially the foodgrains so that poor persons are able to take their two square meals within their limited income. The Committee, therefore, recommend that Government should, in consultation with the other concerned Departments, traders and FMC chalk out a strategy so that prices do not go beyond control. The Government should also make planned and concerted efforts to increase production, particularly of sugar and pulses.

8.11 The Committee note that the Essential Commodities Act, 1955 and Prevention of Blackmarketing and Maintenance of Supplies of Essential Commodities Act, 1980 empowers the State Governments/UTs to take action against the unscrupulous persons indulging in hoarding and blackmarketing of essential commodities. The Committee find that number of persons arrested, prosecuted and convicted are much less as compared to the number of raids conducted by the enforcement machinery of the States/UTs during 2008-09 and 2009-10 (upto 31.08.09). In some of the States/UTs, namely Jharkhand, Nagaland, Lakshadweep, Bihar, Manipur, Sikkim, A&N Islands, the position is worst where not a single raid was conducted during 2008-09 and 2009-10. Consequently, the number of persons prosecuted and arrested were also Nil. The Committee note with serious concern that during 2008-09, the number of raids conducted were 2,68,775 whereas the number of persons arrested, prosecuted and convicted during the year were only 8001 (2.97%), 6425(2.39%) and 790(0.29%), respectively. The number of unscrupulous persons detained under the Prevention of Blackmarketing and Maintenance of Supply of Essential Commodities Act, 1980 is far from satisfactory. During 2008-09, 162 cases and during 2009-10, 92 cases (upto 31.03.2009) of detention have been reported from 5 States namely, Gujarat, Tamil Nadu, Orissa, Andhra Pradesh and Maharashtra. The Committee wonder as to why not a single raid was conducted by the enforcement machinery of States/UTs which furnished 'NIL' Reports. In the opinion of the Committee, there is a lack of coordination between implementing agencies and poor monitoring of the Department of Consumer Affairs over the functioning of the States/UTs. The

**Committee view the situation seriously and recommend that the Government should impress upon the State Governments/UTs to strengthen their enforcement machinery and conduct raids regularly so that the persons indulged in hoarding and blackmarketing are punished as per the law of the land.**

**NEW DELHI**

**15 December 2009**

**24 Agrahayana , 1930 (Saka)**

**VILAS MUTTEMWAR,**

**Chairman,**

**Standing Committee on Food  
Consumer Affairs and Public Distribution**

**ANNEXURE-I**

**CRITICAL ANALYSIS OF STATEMENT MADE BY MINISTER UNDER DIRECTION 73-A REGARDING STATUS OF IMPLEMENTATION OF THE OBSERVATIONS /RECOMMENDATIONS CONTAINED IN TWENTY-FOURTH REPORT OF THE COMMITTEE ON FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION**

**Subject of the Report:** Twenty-Fourth Report of the Standing Committee on Food, Consumer Affairs and Public Distribution (2008-2009) on Demands for Grants of Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs)

Date of presentation: 16.04.2008

Date of presentation of ATR 19.02.2009

Date of Receipt of Action 04.12.2008  
Taken Notes

Date of Minister's Statement 17.02.2009

Name of Committee	Ministry /Department	Total No. of Recs.	Total No of Recs. Accepted	No. of recs. Implemented	No. of Recs under process	No. of Recs. Not implemented	No. of Recs. yet to be implemented
Food, Consumer Affairs and Public Distribution	Ministry of Consumer Affairs, Food and Public Distribution (Dept. of Consumer Affairs)	27	23	5	13	4	5

ANNEXURE-II

Statement showing BE,RE & Actuals in respect of Department of Consumer Affairs for the years 2006-07 to 2009-10:-

(Rs. in crore)

Demand No.	Year		Budget Estimates			Revised Estimates			Actual Expenditure		
			Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
17	2006-07	Revenue	147.03	30.00	<b>177.03</b>	140.95	30.31	<b>171.26</b>	132.79	26.36	<b>159.15</b>
		Capital	15.97	5.00	<b>20.97</b>	9.05	5.00	<b>14.05</b>	1.17	2.36	<b>3.53</b>
		<b>Total</b>	<b>163.00</b>	<b>35.00</b>	<b>198.00</b>	<b>150.00</b>	<b>35.31</b>	<b>185.31</b>	<b>133.96</b>	<b>28.72</b>	<b>162.68</b>
17	2007-08	Revenue	183.50	31.64	<b>215.14</b>	140.62	33.68	<b>174.30</b>	102.02	36.20	<b>138.22</b>
		Capital	29.50	5.00	<b>34.50</b>	9.38	5.00	<b>14.38</b>	3.81	0.48	<b>4.29</b>
		<b>Total</b>	<b>213.00</b>	<b>36.64</b>	<b>249.64</b>	<b>150.00</b>	<b>38.68</b>	<b>188.68</b>	<b>105.83</b>	<b>36.68</b>	<b>142.51</b>
15	2008-09	Revenue	178.96	53.03	<b>231.99</b>	134.50	251.65	<b>386.15</b>	127.64	189.06	<b>316.70</b>
		Capital	30.04	2.00	<b>32.04</b>	25.50	2.00	<b>27.50</b>	24.07	0.34	<b>24.41</b>
		<b>Total</b>	<b>209.00</b>	<b>55.03</b>	<b>264.03</b>	<b>160.00</b>	<b>253.65</b>	<b>413.65</b>	<b>151.71</b>	<b>189.40</b>	<b>341.11</b>
16	2009-10	Revenue	180.85	269.90	<b>450.75</b>	-	-	-	-	-	-
		Capital	28.15	2.00	<b>30.15</b>	-	-	-	-	-	-
		<b>Total</b>	<b>209.00</b>	<b>271.90</b>	<b>480.90</b>	-	-	-	-	-	-

**ANNEXURE-III**

**Provision of funds for NE Region under Plan head *viz-a-viz* actual expenditure incurred by the Department of Consumer Affairs during the last three years.**

**(Rs. in crores)**

Year	Funds allocated for NER in Plan head as per Revised Estimate	Actual expenditure	Transferred to non-lapsable central pool of resources for NER [Excess (+)/ Shortfall (-)]
2006-07	15.01	17.95	(+) 2.94
2007-08	13.38	10.18	(-)3.20
2008-09	16.00	11.97	(-)4.03

**ANNEXURE-IV**

Action Taken under the Essential Commodities Act, 1955  
for the year, 2008 - Information received from States / UTs upto 31.12.2008

Sl. No.	State/UTs	No. of Raids	No. of persons arrested	No. of persons prosecuted	No. of persons convicted	Value of goods confiscated in Rs. lakh	Reported upto
1	Andhra Pradesh	17235	29	6	-	86.12	December
2	Assam	1419	14	19	Nil	2.37	December *
3	Arunachal Pradesh	23	Nil	Nil	Nil	Nil	November
4	Bihar	16	9	Nil	Nil	Nil	September
5	Chhattisgarh	225	1	32	1	102.03	March
6	Delhi	153	135	119	4	61.7	December
7	Gujarat	31098	20	142	Nil	253.15	December
8	Goa	121	Nil	Nil	Nil	Nil	December
9	Haryana	46	8	Nil	Nil	Nil	December
10	Himachal Pradesh	25634	13	49	Nil	15.52	December \$\$
11	Jammu & Kashmir	422	376	94	Nil	Nil	September
12	Jharkhand	Nil	Nil	Nil	Nil	Nil	April
13	Karnataka	3396	74	1	4	580.95	December
14	Kerala	87305	12	2	Nil	12.98	December
15	Madhya Pradesh	14921	52	107	Nil	405.15	April
16	Maharashtra	2551	3376	2595	Nil	2365.92	December
17	Manipur	99	4	3	3	0.16	December
18	Meghalaya	70	1	2	1	0.05	December
19	Mizoram	61	Nil	Nil	Nil	0.49	July **
20	Nagaland	Nil	Nil	Nil	Nil	Nil	December
21	Orissa	2001	22	117	Nil	17.51	November
22	Punjab	20632	22	9	4	3.08	November
23	Rajasthan	450	13	170	4	18.12	July
24	Sikkim	1	2	2	Nil	0.01	December
25	Tamil Nadu	20268	2525	1127	761	683.33	November
26	Tripura	35	12	9	Nil	2.69	December
27	Uttaranchal						Not Reported
28	Uttar Pradesh	39474	1047	1734	Nil	1410.49	December
29	West Bengal	176	142	5	Nil	58.83	December
30	A & N Islands	291	Nil	Nil	Nil	Nil	December ***
31	Chandigarh	6	9	Nil	Nil	2.01	December
32	D & N Haveli	13	2	Nil	Nil	5.49	December
33	Daman & Diu						Not Reported
34	Lakshadweep	Nil	Nil	Nil	Nil	Nil	December
35	Puducherry	633	81	81	8	7.07	December
	<b>Total</b>	<b>268775</b>	<b>8001</b>	<b>6425</b>	<b>790</b>	<b>6095.22</b>	

\* - Except January & February

\*\* - Except April, May & June

\$\$- Except- October

\*\*\* - Except - Sept & October

**Updated as on 31.3.2009**

**APPENDIX -I**

**STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS  
AND PUBLIC DISTRIBUTION (2009-10)**

**MINUTES OF THE THIRD SITTING OF THE STANDING COMMITTEE ON FOOD,  
CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION HELD ON WEDNESDAY,  
30<sup>TH</sup> SEPTEMBER, 2009**

The Committee sat from 1500 hrs. to 1635 hrs. in Committee Room '53', Parliament House , New Delhi.

**Present**

Shri Vilas Muttemwar - Chairman

**Members**

**Lok Sabha**

2. Shri Kamlesh Balmiki
3. Shri Shivraj Bhaiya
4. Shri Arvind Kumar Chaudhary
5. Shri Abdul Mannan Hossain
6. Shri Marotrao Sainuji Kowase
7. Shri Laxman Tudu
8. Shri Madhusudan Yadav

**Rajya Sabha**

9. Smt. T.Ratna Bai
10. Shri Kanjibhai Patel
11. Shri Rajniti Prasad
12. Shri Ram Narayan Sahu
13. Shri Matilal Sarkar
14. Shri Kaptan Singh Solanki

**Secretariat**

1. Shri P.K.Misra - Joint Secretary
2. Smt. Veena Sharma - Director
3. Shri Jagdish Prasad - Deputy Secretary

**Representatives of the Department of Consumer Affairs:-**

1.	Sh. Rajeev Agarwal	-	Secretary
2.	Sh. Rakesh Kacker	-	Additional Secretary
3.	Sh. Chaman Kumar	-	AS & FA
4.	Sh. P.C. Das	-	CCA
5.	Sh. Sanjay Singh	-	Joint Secretary
6.	Sh. Sharad Gupta	-	DG (Bureau of Indian Standards)
7.	Sh. R.N. Mukherjee	-	DG (National Test House)
8.	Sh. B.C. Khatua	-	Chairman (Forward Market Commission)

2. At the outset, Hon'ble Chairman welcomed the representatives of the Department of Consumer Affairs to the sitting convened for a briefing by the representatives of the Department of Consumer Affairs in connection with the examination of Demands for Grants for the year 2009-10 of the Department and drew their attention to Direction 55 (1) of the Directions by the Speaker. In his opening remarks, Hon'ble Chairman raised various issues pertaining to examination of Demands for Grants (2009-10) and desired to be briefed specifically on issues such as the steps initiated by the Department for stabilizing the prices of essential commodities particularly wheat, sugar, pulses and edible oil; the difficulties being faced by the Department in the implementation of their schemes/projects/programmes; the reasons for non-utilization of funds allocated by the Planning Commission during 2007-08 and increase of non-plan funds during 2008-09; the reasons for low expenditure of funds for North-eastern region during 2008-09; the functioning of Consumer Fora, special steps being taken by the Government for creating awareness amongst the consumers in the country, concept of Consumer Welfare Fund; time limit set for the functioning of Super Bazaar; authority for verification of

sophisticated Weight and Measure instruments, targets and achievements under Gold Hallmarking Scheme and regulation of Forward Market, etc.

3. The Secretary addressed to the aforesaid issues after giving an overview of the functioning of the Department. The Committee pointed out that some aspects of consumer awareness and consumer protection were not being implemented in the right spirit and asked about the system for redressal of grievances of consumers. The Secretary stated that the Consumer Protection Act provides for a three tier system of quasi-judicial justice. The consumer can approach the District Forum if the cost of product or services is upto Rs. 20 lakh, and to the State Forum if the dispute is of more than Rs. 20 lakh. If the dispute is of more than one crore rupees, it can be filed directly to the National Commission. For Consumer Awareness Programme, the plan provision for entire Eleventh Five Year Plan was Rs. 409 crore. In reply to a question regarding check on hoarding and blackmarketing, the representative of the Department replied that the provisions of the Essential Commodities Act were implemented through State Governments/UTs. When asked as to how the Department of Consumer Affairs ensured that the State machinery were doing their duties effectively and efficiently, the Secretary stated that it was very difficult to create a parallel machinery to work under the Ministry. However, the Department of Consumer Affairs had proposed reforms in the Consumer Protection Act so as to give more powers to the fora to get the decisions implemented and to have separate authority for the products which do not come under the purview of State Commission or Consumer Courts. As regards strengthening of National Test House, the Secretary stated that it was being strengthened by giving them better infrastructural facilities. The Committee raised the issue that in certain cases, the MRP being fixed was much higher than the actual price being paid by consumers and enquired if any guidelines existed in this regard. The Secretary informed the Committee that except for certain Essential Commodities, the Department had no role in fixing the prices of any commodities or packaged goods.

4. The CMD, Forward Market Commission explained the various activities of FMC and replied to the queries raised by the Members during the deliberations.

5. The Chairman then thanked the witnesses for appearing before the Committee and sharing their views with the Committee in a free and frank manner. They were asked to send the written replies to the points on which the information was not readily available with them and stated that the Committee will take formal evidence on rest of the issues in the next sitting of the Committee to be held in third week of October, 2009.

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

**The Committee then adjourned.**

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APPENDIX -II

**STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS  
AND PUBLIC DISTRIBUTION (2009-10)**

**MINUTES OF THE FIFTH SITTING OF THE STANDING COMMITTEE ON FOOD,  
CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION HELD ON FRIDAY,  
23<sup>rd</sup> OCTOBER, 2009**

The Committee sat from 1610 hrs. to 1710 hrs. in Committee Room 'B', Parliament House Annexe, New Delhi.

**Present**

Shri Vilas Muttemwar - Chairman

**Members**

**Lok Sabha**

2. Shri Tara Chand Bhagora
3. Shri Arvind Kumar Chaudhary
4. Shri Sanjay Singh Chauhan
5. Shri Anant Gangaram Geete
6. Shri Abdul Mannan Hossain
7. Shri Lalchand Kataria
8. Shri Marotrao Sainuji Kowase
9. Shri Sohan Potai
10. Shri Purnmasi Ram
11. Shri Madhusudan Yadav

**Rajya Sabha**

12. Smt. T. Ratna Bai
13. Shri Lalhming Liana
14. Shri Kanjibhai Patel
15. Shri Rajniti Prasad
16. Shri Ram Narayan Sahu
17. Shri Matilal Sarkar
18. Shri Kaptan Singh Solanki

**Secretariat**

1. Shri P.K.Misra	-	Joint Secretary
2. Smt. Veena Sharma	-	Director
3. Shri Jagdish Prasad	-	Deputy Secretary

**Representatives of the Department of Consumer Affairs:-**

1.	Sh. Rajiv Agarwal	-	Secretary
2.	Sh. Rakesh Kacker	-	Additional Secretary
3.	Sh. A.K. Mangotra	-	AS & FA
4.	Dr. Kewal Ram	-	Sr. Economic Advisor
5.	Sh. Sanjay Singh	-	Joint Secretary
6.	Sh. P.C. Das	-	CCA
7.	Sh. B.C. Khatua	-	Chairman (Forward Market Commission)
8.	Sh. Sharad Gupta	-	DG (Bureau of Indian Standards)
9.	Sh. R.N. Mukherjee	-	DG (National Test House)
10.	Ms. Anandi Ravichandran	-	Economic Advisor

2. At the outset, Hon'ble Chairman welcomed the Secretary and other Officials of the Department of Consumer Affairs to the sitting of the Committee and apprised them of the provisions of Direction 55 (1) of the Directions by the Speaker. Thereafter, the Committee took their evidence in connection with the examination of Demands for Grants of the Department for the year 2009-10. Hon'ble Chairman, in his welcome speech, raised various pertinent issues which included poor performance of the schemes being implemented by the Department, uneven utilization of funds in different quarters of the financial year, failure of the Department to create awareness amongst the consumers of remote, hilly and backward areas, unexpected rise in prices of essential commodities especially wheat, rice, pulses and edible oils. The issues raised by Hon'ble Chairman were further supplemented by the Members of the Committee. The Committee then held

detailed discussion inter-alia on the following issues with specific reference to examination of Demands for Grants (2009-10):-

- (i) Under-utilization of funds on some of the important schemes of the Department;
- (ii) Proposal to set up National Consumer Protection Authority;
- (iii) Need to fill up the vacant posts in Forward Market Commission (FMC);
- (iv) Need to re-introduce the Forward Contracts (Regulation) Amendment Bill which was lapsed due to dissolution of the 14<sup>th</sup> Lok Sabha.
- (v) Need to spend more funds on the schemes/projects of North-eastern region;
- (vi) Need for quick disposal of cases pending in the Consumer Courts; and
- (vii) Non-utilization of funds on consumer awareness programmes.

3. The Chairman cautioned the Department about furnishing timely and factually accurate information.

4. The Members raised various queries pertaining to the aforesaid issues. The representatives of the Department responded to the queries raised by the Chairman and Members. Valuable suggestions emerged during the deliberations.

5. The Chairman then thanked the witnesses for appearing before the Committee and sharing their views with the Committee in a free and frank manner. They were asked to send the written replies to the points on which the information was not readily available with them.

A verbatim record of the proceedings has been kept.

**The Committee then adjourned.**

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**APPENDIX -III**

**STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS  
AND PUBLIC DISTRIBUTION (2009-10)**

**MINUTES OF THE SEVENTH SITTING OF THE STANDING COMMITTEE ON FOOD,  
CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION HELD ON TUESDAY,  
15<sup>TH</sup> DECEMBER, 2009**

The Committee sat from 1500 hrs. to 1535 hrs. in Committee Room '139', Parliament House Annexe, New Delhi.

**Present**

Shri Vilas Muttemwar - Chairman

**Members**

**Lok Sabha**

2. Shri Jaywant Gangaram Awale
3. Smt. Harsimrat Kaur Badal
4. Shri Kamlesh Balmiki
5. Shri Tarachand Bhagora
6. Shri Sanjay Singh Chauhan
7. Shri Lal Chand Kataria
8. Shri Marotrao Sainuji Kowase
9. Shri Purnmasi Ram
10. Shri Laxman Tudu

**Rajya Sabha**

11. Shri Kanjibhai Patel
12. Shri Rajniti Prasad
13. Shri Matilal Sarkar
14. Shri Kaptan Singh Solanki

**Secretariat**

1. Shri P.K.Misra - Joint Secretary
2. Smt. Veena Sharma - Director
3. Shri Jagdish Prasad - Deputy 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 reports on Demands for Grants (2009-10) relating to the (i) Department of Food and Public Distribution & (ii) Department of Consumer Affairs. Hon'ble Chairman highlighted the important recommendations contained in these Reports.

3. The Committee then took up for consideration the draft report on Demands for Grants (2009-10) relating to the Department of Food and Public Distribution and after some deliberations adopted the same without any amendment.

4. Thereafter, the Committee took up for consideration the draft report on Demands for Grants (2009-10) relating to the Department of Consumer Affairs and adopted the same without any amendment.

5. The Committee then authorized the Chairman to present the Reports on their behalf to both the Houses of Parliament during the current Session of Parliament.

**The Committee then adjourned.**

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**APPENDIX -IV**

<b>Sl. No.</b>	<b>Para No.</b>	<b>Observation/Recommendation</b>
1.	3.11	<p><b>The Committee are not satisfied with the overall performance of the Department of Consumer Affairs in so far as expenditure incurred during 2008-09 is concerned. The Committee note that out of a total allocation of Rs.413.65 crore during 2008-09, the Department could utilize only Rs.341.11 crore i.e. Rs.151.71 crore for its plan schemes and Rs.189.40 crore for non-plan schemes. The Committee are also surprised to note that the expenditure on some of the important schemes viz. National Test House (NTH), Bureau of Indian Standards(BIS), Forward Market Commission(FMC) and project/scheme for North-Eastern Region was almost negligible. Out of total allocation of Rs.74.51 crore for these Schemes/Programmes, the expenditure was only Rs.5.37 crore during the financial year, indicating a poor planning by the Department. The reasons put forth by the Ministry that the BE was reduced at RE stage due to delay in evaluation and approval of the schemes by SFC/EFC is not convincing to the Committee. In the opinion of the Committee, the Department has not been able to improve its monitoring mechanism over schemes and make co-ordination between the evaluation agencies. The Committee, therefore, strongly recommend that the Department should make sincere efforts for getting clearance of the schemes without delay so that funds allocated are fully utilized during the financial year. The Committee also recommend that the Department should make sincere efforts to utilize the entire funds allocated for the Schemes/Programmes for the North-Eastern region so as to avoid its transfer to non-lapsable funds created for NE States. Steps taken in this regard should be communicated to the Committee within three months.</b></p>
2.	3.12	<p><b>The Committee are deeply concerned to note the uneven utilization of budgetary allocation under the plan and non-plan schemes during 2008-09. For instance, out of a total expenditure of Rs.151.71 crore during 2008-09 of the plan funds, the actual expenditure was Rs.5.63 crore, Rs.22.78 crore and Rs.11.77 crore during the 1<sup>st</sup> , 2<sup>nd</sup> and 3<sup>rd</sup> quarter of the year, respectively which is much less than the expenditure incurred in the last and the fourth quarter of the financial year. The position of expenditure is worst in case of non-plan funds where out of Rs.189.40 crore, only Rs.25.35 crore was utilized in the first three quarters of the year. The Committee in their earlier Reports had been impressing upon the need to spread the</b></p>

		<p>expenditure evenly during the year but it seems that the recommendations of the Committee have not been taken seriously. The reasons put forth by the Department of Consumer Affairs that they could not utilize the funds evenly due to non receipt of proposals from implementing agencies, <i>i.e.</i> States/UTs and non-submission of utilization certificates on time is not acceptable to the Committee due to the fact that the Department has the autonomy to utilize the funds as per their own monthly Expenditure Plan. In the opinion of the Committee, the Ministry should make advance exercise to get the proposals and utilization certificates from the implementing agencies and finalize the modalities of the schemes so that the approval by EFC does not get delayed. The Committee strongly feel that there is a need to discourage the tendency to clear huge bill for reimbursement by the implementing agencies in the fag end of financial year as in such cases, the clearance of the bills without proper scrutiny can not be ruled out. The Committee hope that the Department will use its autonomy/prerogative to monitor expenditure according to the FRBM Act and guidelines of Planning Commission to utilize the funds equally in all quarters of the year.</p>
3.	4.13	<p>The Committee note that a three tier quasi judicial redressal mechanism has been set up at the National, State and District levels as per the provisions made under the Consumer Protection Act, 1986 to resolve the consumer grievances speedily. Whereas the responsibility of the National Commission rest with the Union Government, the responsibility of setting up and effective functioning of the State Commission and District Fora lies with respective State Governments/Union Territory Administrations. The Committee further note that there are a large number of pending cases in the National Commission, State Commissions and District Fora. The disposal of cases by the National Commission is reported to be 85.75%, whereas disposal of cases in the State Commissions and District Fora are 76.74% and 90.85%, respectively. The position of State Commissions is worst in some States, <i>i.e.</i> Assam, Haryana, Maharashtra, Orissa and Uttar Pradesh where 54.81%, 61.43%, 62.65%, 60.53% and 40.79% of cases have been disposed of by the respective State Commissions of these States . The Committee note that the information of cases filed and disposed of in respect of the North Eastern States for the last 3 years <i>i.e.</i> 2006, 2007 and 2008 is not available with the Department . Further, the cases pending in District Fora are very high in some of the States <i>i.e.</i> Uttar Pradesh (80964), Gujarat(22013), Haryana(19403), Maharashtra(16615) and</p>

		<p>Rajasthan(16539). Although the shortcomings observed in the functioning of State Commissions and District Fora including the low rate of disposal of cases within the prescribed time limit and non furnishing of information/reports are being taken up regularly by the Department of Consumer Affairs with the concerned State Governments/UTs, yet the Committee feel that these efforts are not sufficient to give any fruitful result. The Committee therefore, strongly recommend that all the States should be persuaded to furnish the details of cases filed and disposed of within the prescribed time frame, so that the National Commission may analyse the reasons for non-disposal of cases by the State Commissions and District Fora and suggest measures for early disposal of cases in the District Fora.</p>
4.	4.14	<p>The Committee find that inspite of the efforts made by the government, as many as 39 District Fora out of 621 have been reported as non-functional in the States of Arunanchal Pradesh(3), Bihar(8), Himachal Pradesh(1), Jharkhand(1), Madhya Pradesh(1), Pondicherry(1), Punjab(1), Rajasthan(4), Tamil Nadu(15), Uttranchal(3) and West Bengal(1). The Committee note that although specific reasons for non functionality of individual District Fora in each State is not available with the Department, generally the non functionality is due to existence of vacancies of President/Members. The Committee are surprised that the Department has been forwarding a huge amount through its budget grants for strengthening of infrastructure of the District Fora without keeping a watch on the reasons for their being non-functional. Taking a serious note of the situation, the Committee strongly recommend that the vacancy position in all the District Fora across the country should be reviewed regularly and all efforts made for timely filling up of vacancies so as to make the District Fora fully functional.</p>
5.	4.15	<p>From the information furnished by the Department, the Committee find that three posts of President, and 21 posts of Members are vacant in the State Commissions. Besides, 92 posts of President, and 201 posts of Members are lying vacant in District Fora of various States/Union Territories. In the opinion of the Committee the large number of vacancies in the State Commissions and District Fora may be due to inadequate salary and allowances as well as less honorarium being paid to the President and Members of the State Commission and District Fora. The Committee, therefore, recommend that the matter may be taken up with all the State Governments and</p>

		Union Territory Administrators to ascertain the reasons for existence of vacancies in the State Commissions and the District Fora and to impress upon them to pay adequate salary and honorarium to attract the best available talent.
6.	4.21	The Committee note that to supplement the efforts of States/UTs, the Government have launched an 'Integrated Project on Consumer Protection Scheme' and released huge funds for strengthening the infrastructure of Consumer Fora. The Committee are dismayed to note that Rs. 73.82 crore was released to 27 States for construction of building of 506 Consumer Fora, but so far 12 States have not submitted the utilization certificates in respect of funds released to them and have not availed further assistance under the scheme. It is a matter of great concern that 6 States, namely, Rajasthan, Himachal Pradesh, Haryana, Madhya Pradesh, Manipur and Meghalaya to whom 75% of the funds were released, have not submitted the utilization certificates. The Committee view the situation seriously and strongly recommend that the Government should take up the matter with the defaulting States/UTs at the highest level to find out the circumstances under which the funds were not utilized. It should be ensured that the funds allocated for a particular scheme are utilized in the financial year itself.
7.	4.22	The Committee regret to note that the study conducted by an agency to evaluate the Integrated Project on Consumer Protection Scheme have pointed out serious shortcomings in the implementation such as (a) non-availability of Government land for construction of building for Consumer Fora (b) higher cost of construction, especially in remote and hilly areas (c) inadequate staff (d) non-transfer of money to respective District Fora in time (e) non-availability of funds for generating awareness (f) difficulties being faced by the States/UTs in providing land free of cost or bear the cost of land from their own budgetary resources. The Committee wonder how the Government will achieve its target and do justice to the consumers till the aforesaid shortcomings are existing. The Committee are aware that the Government have modified the guidelines of the scheme. Under the new guidelines the Consumer Fora are divided into four categories so that funds are released to them for building assets on a graded system rather than release of grants for building on a fixed norm as was the earlier practice followed under the scheme. The Committee recommend that the Government make vigorous efforts to

		<p>pursue the matter with State Governments/UTs to resolve the issues/shortcomings noticed by the evaluation agency and make sincere efforts for the implementation of the recommendation/suggestion.</p>
8.	4.30	<p>The Committee note that the Consumer Welfare Fund was created with the objective of providing financial assistance to promote and protect the interest of the consumers, create awareness and strengthen consumer movement in the country. The fund which was set up by the Department of Revenue is operated by the Ministry of Consumer Affairs, Food and Public Distribution. Any agency/organization engaged in consumer welfare activities and registered under the Companies Act, 1956 is eligible for seeking financial assistance from the fund. The Committee are unhappy to note that the allocation of funds for the purpose has been considerably decreasing during the past three years. The BE which was Rs. 33 crore in 2006-07 has been reduced to Rs. 13.90 crore in 2009-10. The Committee regret that even the reduced funds could not be fully utilized during the past three years which is evident from the fact that out of Rs. 83.58 crore allocated from 2006-07 to 2009-10, the Ministry could utilize only Rs. 25.31 crore. The Committee are not convinced with the arguments of the Government that the funds were not fully utilized due to non-submission of utilization certificates from the VCOs/NGOs even after the expiry of stipulated time as it merely reflects the lack of proper monitoring over the scheme. The Committee note that under the scheme, central share of one time seed money is released to States after they credit their share of 50% to a separate non-plan, non-lapsable account. The Committee are disturbed to note that 14 States are yet to create their State Consumer Welfare Fund and credit their share. The Committee feel that generating consumer awareness and strengthen consumer movement, particularly in the rural and remote areas, is a critical issue. The Committee, therefore, recommend that the Government should persuade the remaining States/UTs to provide their matching share and make necessary provision in their Budgets. Besides, the Department should strengthen its monitoring over the scheme, so that the funds are fully utilized in the financial year itself.</p>
9.	5.4	<p>The Committee are happy to note that the Special Leave Petition filed by Employees Union, namely Super Bazaar Karamchari Dalit Sangh has been disposed off by Hon'ble Supreme Court on 26.02.2009 with the direction to take steps for revival of Super Bazaar. The Committee find that the representatives of employees union and other respondents' parties have raised no</p>

		<p>objection with regard to views expressed by the Evaluation Committee constituted by the Supreme Court over revival of Super Bazaar. As the issue of revival of Super Bazaar has been badly delayed, the Committee recommend that the Department should take the initiative to clear the dues and liabilities of all the creditors and claimants at the earliest and to take steps for early revival of Super Bazaar to protect the interest of workers. The Committee also desire that before handing over the management of Super Bazaar to a Group or Society, it must be ensured that it has adequate infrastructure, experience and financial capacity to run the business.</p>
10.	6.11	<p>The Committee are not satisfied as far as the financial performance of the Bureau of Indian Standards (BIS) is concerned due to the fact that Planning Commission have been allocating huge funds every year but not even one percent of the funds was utilized by BIS. For example, during 2007-08, the BE was Rs. 10.80 crore and RE was Rs. 9.14 crore whereas the actual expenditure was only Rs. 0.50 crore. Similarly, during 2008-09, the BE was Rs. 18.69 crore which was lowered down to Rs. 0.63 crore at RE stage and the actual expenditure was Rs. 0.66 crore. The Committee regret that for all the schemes, the reasons for under spending given by the Department is non-submission of the utilization certificates from the implementing agencies which in the opinion of the Committee indicates lack of proper planning and very poor monitoring over the schemes. In the instant case, the utilization certificates are to be received from BIS, the executive agency and not from the States. The Committee feel that Standardization and Quality Control is a very crucial element for proper functioning of BIS Act. However, this requires timely receipt of satisfactory Utilization Certificate from implementing agency so that the actual requirement for Standardization and Quality Control could be worked out and right estimates could be made accordingly. The Committee would, therefore, recommend that the Department should take pre-emptive steps to further the implementation of the schemes by directing the BIS, to timely submit Utilization Certificates so that funds could be utilized fully without any hindrance.</p>
11.	6.12	<p>The Committee note that the scheme of Hallmarking of Gold Jewellery was launched by BIS in April 2000 to provide third party assurance to consumers of the purity of gold jewellery or its fineness. Under the scheme, a jeweller has to obtain Hallmark License from BIS to get his jewellery hallmarked. For this, the Government has set up Assaying and Hallmark Centres throughout the country. The Committee are unhappy to note that there was a declining trend in terms of physical</p>

		<p>achievements made during 2007-08 and 2008-09 against the target fixed. So far, 147 hallmarking centres have been set up in 17 States/UTs whereas the consumers of remaining 18 States/UTs, especially in the States of Bihar, Himachal Pradesh, J&amp;K, Goa and North-eastern region are deprived of the benefit of hallmarking scheme. Besides, there is one hallmarking centre each in Haryana and Punjab whereas 19 such centres have been set up in NCT, Delhi. The Committee do not appreciate the contention of the Department that the quantum of jewellery being produced/consumed in the other States/UTs is not sufficient, so setting up the Assaying and Hallmarking Centres in such centres may not be viable. In the opinion of the Committee, the Government should conduct a study to know the quantum of jewellery being produced/consumed in the remaining States/UTs and to ascertain the viability of setting up of Assaying and Hallmarking Centres. The Committee, therefore, recommend that the BIS should make sincere efforts to provide facility of Assaying and Hallmarking of Gold and Silver Jewellery in remote and backward areas so that the interests of consumers are protected by way of ensuring value of money.</p>
12.	7.12	<p>The Committee note with concern that though the Planning Commission has been allocating huge funds every year to Forward Market Commission (FMC) for regulating the Future/Forward trading in the country, but FMC have not been able to utilize even fifty percent of the allocated funds. For instance, during 2007-08, the BE for the year 2007-08 was Rs. 19.50 crore which was cut down to Rs. 9.75 crore whereas the expenditure was only Rs. 2.46 crore. Similarly, during 2008-09, the BE was Rs. 20.70 crore which was drastically reduced to Rs. 3.60 crore at RE and the expenditure was Rs. 3.31 crore. The plea of the Government that the funds could not be utilized due to non-passage of Forward Contracts (Regulation) Amendment Bill as operationalisation of most of the schemes under strengthening of FMC are linked with the said Bill is not acceptable to the Committee. In the opinion of the Committee, the FMC should improve its performance with the existing resources and management at their end, without waiting for the passage of Forward Contracts (Regulation) Amendment Bill. The Committee are aware of the fact that the Forward Contracts (Regulation) Amendment Bill was introduced in Lok Sabha in 2008 to convert the Ordinance into the Act. However, it got lapsed due to dissolution of the 14<sup>th</sup> Lok Sabha. The Committee, therefore, recommend that the Government should re-introduce the Forward Contracts (Regulation) Amendment Bill in Parliament in order to strengthen the regulatory framework and confer autonomy on the regulators. The Committee also</p>

		recommend that findings of the study conducted by the Government to ascertain the impact of the Future/Forward trading on small and marginal farmers be implemented in letter and spirit.
13.	7.13	The Committee note that the sanctioned strength of FMC is 136 out of which only 83 are in position while 53 posts are lying vacant. The Committee note with surprise that even 22 posts in Group 'C' and 'D' are lying vacant in FMC which in the opinion of the Committee is nothing but deplorable. The plea of the Government that posts of senior cadre could not be filled due to non-availability of suitable candidates is not convincing to the Committee. In the opinion of the Committee, there is no dearth of educated candidates with technical qualification who are in search of employment. The Committee, therefore, strongly recommend that Government should take urgent necessary action to fill up all the vacant posts of FMC without waiting for the passage of Forward Contracts (Regulation) Amendment Bill so that the regulatory work is not suffered for want of suitable candidates.
14.	8.10	The Committee express their concern over the rising trend in prices of almost all the essential commodities, particularly the foodgrains during the last one year. The Committee observe from the trend in prices of foodgrains that the prices, especially pulses and sugar, raised from 50% to 100% during the last year. The Department of Consumer Affairs is entrusted <i>inter-alia</i> with the task of monitoring of the prices and availability of essential commodities in the country. The Price Monitoring Cell in the Department of Consumer Affairs prepares a daily report on the retail prices and circulate the same to PMO, Cabinet Secretariat, Ministry of Finance and other concerned Ministries and suggest measures for stabilizing the prices. The reasons for increase in the prices, especially the foodgrains, are (i) Growing demand due to increase in population and income (ii) Change in consumption pattern (iii) Diversion of foodgrains for fuel (iv) Hike in Minimum Support Price (v) Adverse weather and climate change (vi) Increase in crude oil prices (vii) Increase in freight rates and (viii) Delayed monsoon. The Committee are astonished to observe that when the reasons for hike in prices are well known to the Government, why it could not take advance action to control and stabilize the retail prices in the country. In order to control the prices of essential commodities, especially the foodgrains, the Government have taken a number of fiscal, administrative and monetary measures such as reduction on import duty to zero on rice, wheat, pulses and edible oil and imposing ban on their export, enhancement in

		<p>MSP, maintaining the CIP (Central Issue Price) of wheat and rice for BPL and AAY, suspension of future trading in rice, wheat, urad and tur, reduction in prices of petrol and diesel, import of pulses and edible oils for distribution to poor families at subsidized rate, extension of validity of Central Notification and improved the production and productivity of foodgrains through National Food Security Mission (NFSM) and Rashtriya Krishi Vikas Yojana (RKVY). The Committee observe that despite the aforesaid measures taken by the Government, the prices of the essential commodities did not show any decreasing trend. The Committee feel that there is an urgent need to control the prices of essential commodities especially the foodgrains so that poor persons are able to take their two square meals within their limited income. The Committee, therefore, recommend that Government should, in consultation with the other concerned Departments, traders and FMC chalk out a strategy so that prices do not go beyond control. The Government should also make planned and concerted efforts to increase production, particularly of sugar and pulses.</p>
15.	8.11	<p>The Committee note that the Essential Commodities Act, 1955 and Prevention of Blackmarketing and Maintenance of Supplies of Essential Commodities Act, 1980 empowers the State Governments/UTs to take action against the unscrupulous persons indulging in hoarding and blackmarketing of essential commodities. The Committee find that number of persons arrested, prosecuted and convicted are much less as compared to the number of raids conducted by the enforcement machinery of the States/UTs during 2008-09 and 2009-10 (upto 31.08.09). In some of the States/UTs, namely Jharkhand, Nagaland, Lakshadweep, Bihar, Manipur, Sikkim, A&amp;N Islands, the position is worst where not a single raid was conducted during 2008-09 and 2009-10. Consequently, the number of persons prosecuted and arrested were also Nil. The Committee note with serious concern that during 2008-09, the number of raids conducted were 2,68,775 whereas the number of persons arrested, prosecuted and convicted during the year were only 8001 (2.97%), 6425(2.39%) and 790(0.29%), respectively. The number of unscrupulous persons detained under the Prevention of Blackmarketing and Maintenance of Supply of Essential Commodities Act, 1980 is far from satisfactory. During 2008-09, 162 cases and during 2009-10, 92 cases (upto 31.03.2009) of detention have been reported from 5 States namely, Gujarat, Tamil Nadu, Orissa, Andhra Pradesh and Maharashtra. The Committee wonder as to why not a single raid was conducted by the enforcement machinery of States/UTs which furnished</p>

**'NIL' Reports.** In the opinion of the Committee, there is a lack of coordination between implementing agencies and poor monitoring of the Department of Consumer Affairs over the functioning of the States/UTs. The Committee view the situation seriously and recommend that the Government should impress upon the State Governments/UTs to strengthen their enforcement machinery and conduct raids regularly so that the persons indulged in hoarding and blackmarketing are punished as per the law of the land.