

# ANNUAL REPORT 2006-07

*The time has come  
For us to stand-up for our rights again.*



Government of India  
Ministry of Consumer Affairs, Food and Public Distribution  
Department of Consumer Affairs  
Krishi Bhawan, New Delhi - 110001  
Websites : [www.fcamin.nic.in](http://www.fcamin.nic.in), [www.core.nic.in](http://www.core.nic.in)  
National Consumer Helpline Number : **1800-11-4000**

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# CHAPTER - I

## FUNCTIONAL AND ORGANISATIONAL SET UP

1.1 Sh. Sharad Pawar continued as the Cabinet Minister for Consumer Affairs, Food & Public Distribution w. e. f. 22.05.2004. Shri Taslimuddin continued as Minister of State for Consumer Affairs w. e. f. 25.05.2004.

1.2 Shri Yashwant Bhave joined as Secretary in Department of Consumer Affairs from 01.11.2006 vice Shri L. Mansingh who retired on superannuation on 31.10.2006.

Secretary (CA) is assisted by one Additional Secretary and one Senior Economic Adviser.

1.3 The Department has been entrusted with the following work:

- i. Internal Trade
- ii. Control of future trading: The Forward Contracts (Regulation) Act, 1952 (74 of 1952).
- iii. The Essential Commodities Act, 1955 (10 of 1955) (Supply, Price and Distribution of Essential Commodities not dealt with specifically by any another Department).
- iv. Prevention of Black Marketing and Maintenance

of Supply of Essential Commodities Act, 1980(7 of 1980). Persons subjected to detention there under.

- v. Regulation of Packaged Commodities.
- vi. Training in legal Metrology.
- vii. The Emblems and Names (Prevention of Improper Use) Act, 1952 (12 of 1952).
- viii. The 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.
- ix. Bureau of Indian Standards Act, 1986 (63 of 1986).
- x. Laying down specifications, standards and codes and ensuring quality control of bio-fuels for end uses.
- xi. Forward Markets Commission
- xii. Consumer Cooperatives
- xiii. Monitoring of prices and availability of essential commodities.





- xiv. National Test House
- xv. The Consumer Protection Act, 1986 (68 of 1986)

### Citizens' Charter

1.4 The Citizens' Charter, which is the declaration of commitment of Department to achieve excellence in the formulation and implementation of Policies and Procedures for the benefit of consumers and the public at large, is available at [www.fcamin.nic.in](http://www.fcamin.nic.in).

### Right to Information Act 2005

1.5 The information required to be made available to the citizens under Section 4 of the Right to Information Act 2005 has been posted on the Departmental website [www.fcamin.nic.in](http://www.fcamin.nic.in). The list of Public Information Officers and appellate authorities in various Organisations/Divisions for providing information to the public under the Act is also available on the Departmental website. All tender notices and other decisions of public importance are being posted on this website.

### Vigilance

1.6 In the Department, Additional Secretary has been designated as the Chief Vigilance Officer in addition to her other responsibilities.

1.7 This Department also monitors the vigilance work of the Bureau of Indian Standards, National Consumer Cooperative Federation of India Ltd., Super Bazar, Indian Institute of Legal Metrology, National Consumer Disputes Redressal Commission, Forward Markets Commission, Mumbai and National Test House and its Regional Laboratories at Kolkata, Mumbai, Chennai, Ghaziabad, Jaipur and Guwahati.

1.8 With a view to preventing corruption and ensuring transparency and accountability, emphasis is placed on the following points from the vigilance side:-

- (a) to conduct surprise vigilance inspections more vigorously, especially in areas which are corruption-prone;
- (b) closer monitoring of disposal of vigilance cases in all organizations under this Department; and
- (c) Rotation of staff in sensitive areas.

1.9 Periodic returns pertaining to Vigilance and Anti- Corruption Measures are being sent regularly to Central Vigilance Commission, Prime Minister's Office, Department of Personnel & Training etc.



## Functional And Organisational Set Up

1.10 The Department observed Vigilance Awareness Week between 6<sup>th</sup> November and 10<sup>th</sup> November, 2006 as per the directions of the CVC. A seminar was held on 9<sup>th</sup> November,

2006 with active participation from officers of the Department on the theme "Necessity of Vigilance Awareness among Government Servants".





# CHAPTER - II

## EXECUTIVE SUMMARY

### 1. PRICE TREND AND AVAILABILITY OF ESSENTIAL COMMODITIES DURING 2006-2007 (Upto December 2006)

During the year 2006-07, upto December 2006, the prices and availability of certain commodities such as wheat and pulses have registered an upward trend. The prices of other essential commodities have generally remained within reasonable levels. The reasons for the rise in prices of wheat and pulses are shortfall in domestic supplies relative to demand and hardening of international prices.

1.2 The Price Monitoring Cell monitored the retail prices of 14 essential commodities viz. rice, wheat, gram dal, arhar dal, tea, sugar, salt, potato, onion, vanaspati, groundnut oil, mustard oil, milk and atta on a daily basis and the wholesale prices on a weekly basis. Daily retail prices and weekly wholesale prices are collected from 18 and 37 centres respectively. With effect from 12.7.2006, nine additional centres have been included in the Daily Price Report.

1.3 During the first 9 months of the year 2006-07 (upto December

2006), all commodities' Wholesale Price Index (WPI) number was estimated to be higher at 5.7% as compared to 4.1% in the corresponding period a year ago.

1.4 The stock of rice and wheat with the Central Pool as on 1.12.06 was at 176.50 lakh tonnes as compared to 187.61 lakh tonnes on the corresponding date in the previous year. Stocks of wheat in the Central Pool declined and reached a low of 20.09 lakh tonnes as on 1st April 2006. During marketing year 2006-07, procurement of wheat was only 92.26 lakh tonnes as against 147.85 lakh tonnes in the corresponding period last year. Wheat prices have registered increase during the year owing to, inter-alia, lower production, lower procurement and a larger purchases by the private trade this year.

1.5 Increasing trend in prices of pulses including gram dal, moong dal and urad dal was registered since June 2006. The reasons for rise in the prices of various types of pulses are largely shortfall in production and low carry over stocks from previous year. . However, since November,





prices of pulses have registered a declining trend in Delhi. Retail prices of sugar in Delhi, after being pegged in the bracket of Rs 21.00-22.00 per kg since the beginning of the financial year, declined to Rs 20.00 per kg with effect from 16.11.06 and further to Rs 19.00 per kg with effect from 26.12.06.

1.6 Government is aware of the increase in prices of essential commodities such as wheat, pulses and sugar and has responded by taking a series of measures. The important measures taken are given below:

- (i) State Trading Corporation has already contracted for import of 55 lakh tonnes of wheat to supplement domestic availability. (ii) Import duty on pulses was reduced to zero with effect from 8.6.2006 and Government have issued a notification on 4.12.2006 extending the validity period of zero duty on import of pulses up to 1.8.2007. (iii) A ban was imposed on export of pulses with effect from 22.6.2006, which is valid upto 31.3.2007. (iv) Import of wheat has been permitted at zero duty w.e.f 9th September 2006 and Government have issued a notification on 14.12.2006 extending the validity period

of zero duty on import of wheat from 31.12.06 up to 28.2.2007. (v) Export of sugar was banned till the end of the current financial year with effect from June 22, 2006. (vi) Import of sugar at zero duty was permitted with effect from June 23, 2006 up to September 30, 2006. (vii) At the initiative of the Government, National Agricultural Cooperative Marketing Federation of India Ltd. (NAFED) executed a contract for import of 49,300 MTs of pulses. (viii) Duty on palm group of oils was reduced by 10 percentage points in August 2006. (ix) To contain volatility in the futures prices of wheat, sugar, pulses, etc. Forward Markets Commission (FMC) has taken required regulatory measures such as imposition of limits on open position, reduction in limits on daily price fluctuations and imposition of additional/special margins. (x) Government has been monitoring the prices of essential commodities closely on a regular basis.

1.7 Apart from above steps, Government reintroduced enabling provisions to prescribe stock limits and licensing requirements (in



August 2006) under the EC Act for the State Governments. In view of the prevailing price situation, Government has issued a Central Order dated 29.8.2006 empowering State Governments to issue Control Order in respect of purchase, movement, sale, supply, distribution or storage for wheat and pulses. However, this Order would not apply to transport, distribution or disposal of wheat and pulses to places outside the State or import of these commodities. This delegation is currently valid for six months.

## 2. CONSUMER PROTECTION PROGRAMME

- 2.2 Consumer movement is a socio-economic movement to protect the rights of consumers in relation to the goods purchased and services availed.
- 2.3 The Consumer Protection Act, 1986 (68 of 1986) is enacted for better protecting the interest of consumers by establishing a three-tier quasi-judicial consumer dispute redressal machinery at the National, State and District levels for settlement of consumer disputes. The State of Jammu & Kashmir has enacted its own legislation in this field.
- 2.4 A provision has been made in the Consumer Protection Rules, 1987

- for appointment of upto 9 members in the National Commission (NCDRC).
- 2.5 The size of the Central Consumer Protection Council (CCPC) has been reduced from 150 to 35 members for its effective functioning and easy convening of its meeting.
- 2.6 Computerization and Computer Networking of Consumer Fora 'CONFONET' is to provide I.T. solutions in order to achieve e-governance, transparency, efficiency of consumer fora and facilitate disposal of cases in a time bound manner. On completion of this scheme, consumers would be enabled to file their complaints online and see the status of their cases on the website. At present computer systems and system software have been delivered to 33 State Commissions and 533 District Fora.
- 2.7 The 'Integrated Project on Consumer Protection' envisages provision of financial assistance to States/UTs to supplement their efforts in strengthening the infrastructural requirements of the consumer fora by filling up the critical gaps in infrastructure so that each forum is provided with the minimum required facilities.





2.8 Training Programmes for Presidents and Members of District Fora & State Commissions and other staff are also organized from time to time to update them on latest developments in the field of consumer protection.

### 3. CONSUMER WELFARE FUND

3.1 The scheme for Consumer Clubs has been introduced in the States of Arunachal Pradesh, Lakshadweep (UT), Himachal Pradesh, Punjab, and Pondicherry (UT) in addition to the existing States. Phase II of the Scheme was also launched in Andhra Pradesh, Karnataka and Tamil Nadu. The list of schools to whom these consumer clubs have been sanctioned have been displayed on the website of the Department.

3.2 Seed money for creation of State Consumer Welfare Funds have been sanctioned to the States of Arunachal Pradesh, Goa, Mizoram, Uttaranchal, Chhattisgarh and Tamilnadu.

3.3 Under the scheme on Research/ Seminars/Consumer Rights festivals being implemented through IIPA, New Delhi, an amount of Rs.93.17 lakhs has been sanctioned for 87 proposals during the period October'05 to September'06.

### 4. FORWARD MARKETS COMMISSION

4.1 The important developments during the year 2006-07 were: -

4.2 The total value of trade during 2006-07 (April -December 06) stood at Rs.27.39 Lakh crores as against Rs. 14.10 lakh crores during the corresponding period last year. Total value of trade during 2005-06 was Rs. 21.55 lakh crores.

#### • Regulatory Initiatives taken during 2006-07.

- Restrictions imposed on the number of terminals a member can use for proprietary trading, to prevent possible circular trading and authorized appropriation of clients' business.
- The penalty for violation of limit on open position increased from Rs. 1000/- to Rs.10,000/- or 2% of the value of the limit exceeded which ever is higher to link the penalty with the value of the violation. It also provides for suspension of the habitual defaulters.
- PAN made mandatory for the clients for trading in Commodity Derivatives w.e.f. 1st April 2007. The clients who do not possess PAN will be



required to give declaration in the prescribed form and will have to furnish other document for identification.

- The Commission continued to be proactive in regulatory aspects to promote market integrity and customer protection and initiated various steps by intervening the wheat, Mentha Oil, Potato, Chana, Urad, Chilli, Natural gas etc. markets by revising the limits on open position and imposing price bands and special margins from time to time.
- Audit of exchanges and their members through professional auditors initiated.
- Real time monitoring of the open positions of members and clients put in place from 2nd November 2006. The monitoring of open positions of the members shall be done by the Exchanges. The members are being held responsible for monitoring their clients trading activity on a real-time basis.
- The exchanges asked to direct the members that the members shall not indulge in portfolio management services and such other

services as they are not permitted by the Commission.

- Limit on open position imposed for near month contracts in eight commodities traded in different National Exchanges with this the total number of commodities in which near month limits have been prescribed is gone up to 15.
- The Commission issued orders on 4th December 2006, initiating action against such defaulting members of NCDEX, Mumbai for repeated violations of client level open position limit during the period 16.08.2005 to 31.07.2006.

● **Developmental Initiatives**

- 35 awareness programs organized in various parts of the country.
- Training programs/capacity building programmes were also organized through National Institute of Bank Management, Pune (for creating awareness amongst the bank officers), Indian Institute of Rural management (IRMA) Anand for creating awareness amongst the Co-operatives and through Indian Institute





of Management, Bangalore (IIM, Bangalore) for senior officers of the Agriculture Department, Civil Supplies, Agricultural Produce Market committees of the State Government for creating awareness about these markets.

- Four interactive meetings with members of National Exchange belonging to the East, West, North and South zones were held.
- A seminar on Commodity Futures Market was organised for the benefit of the officers of the Department of Agriculture at New Delhi on 10th November 2006.

● **Agreement signed with International bodies**

- A Memorandum of Understanding was signed between the United States Commodity Futures Trading Commission (USCFTC) and Forward Markets Commission (FMC) at Mumbai on 18th October, 2006.
- FMC also signed an MOU with China Securities Regulatory Commission (CSRC) during the visit of the Chinese President Shri. Hu Jintao to India on 21.11.2006.

- FMC became an Associate Member of IOSCO. IOSCO is the body of all International Security and Commodities Market Regulators.

5. **ESSENTIAL COMMODITIES REGULATIONS AND ENFORCEMENT**

This Department, inter alia, is also administering the following Acts:

- (a) Essential Commodities Act, 1955 (E C Act, 1955)
- (b) Prevention of Black-marketing and Maintenance of Supplies of Essential Commodities Act, 1980 (PBM Act, 1980)

5.1 The Essential Commodities Act, 1955 provides for the control of production, supply, distribution etc. of essential commodities for maintaining or increasing supplies and for securing their equitable distribution and availability at fair prices. Most of the powers under the Act have been delegated by the Central Government to the State Governments. Exercising powers under the Act, various Ministries/ Departments of the Central Government and State Governments/UT Administrations have issued Control Orders for regulating production, distribution, pricing and other aspects of trading in respect of the

commodities declared as essential. To implement the provisions of the Act, States/UTs have been taking action against the violators and sending the action taken reports regularly to the Central Government. As per the reports received from the State Governments/UT Administrations, 135224 raids were conducted, 5432 persons arrested, 3355 persons prosecuted and 599 persons convicted under the Act during the year 2006 as reported upto 31.12.2006.

- 5.2 The commodities declared as 'essential' under the Essential Commodities Act, 1955 are reviewed from time to time in the light of changes in the economic situation and particularly with regard to their production and supply in consultation with the concerned Ministries/Departments administering these commodities. Number of such commodities which stood at 70 in the year 1989 had been brought down to 15. This number has now been further pruned to 7, in order to further facilitate free trade and commerce.
- 5.3 It is now universally accepted that all unnecessary and redundant restrictions which distort and impede operation of market forces should be removed. In addition, regulations under the umbrella which have no bearing on the

essentiality of an item or objective of the said Act, are required to be made transparent. After consultation with all Ministries concerned, the Essential Commodities (Amendment) Act, 2006 has been notified on 26th December, 2006. In this Act, the list of essential commodities has been considerably pruned down and only those commodities considered essential to life, or which are in the interest of farmers and the large section of the people below the poverty line have been retained. The Central Government also gets the powers to add, remove or modify any essential commodity in consultation with State Governments in public interest where there is a scarcity. The Amendments will come into effect from 12.2.2007.

- 5.4 In the context of recent rise in prices of some essential commodities the Central Govt. through its Central Order dated 29.08.2006, kept in abeyance provisions relating to purchase, movement, sale, supply, distribution or storage for sale in the "Removal of (Licensing requirements, Stock limits and Movement restrictions) on specified foodstuffs Order, 2002" wheat and pulses for a period of 6 months. The objective was to enable State Governments to





tackle rise in price and availability of these commodities. They will however not affect inter-state movement and import of these commodities.

5.5 The Prevention of Black-marketing and Maintenance of Supplies of Essential Commodities Act, 1980 empowers the Central Government or a State Government to detain persons whose activities are found to be prejudicial to the maintenance of supplies of commodities essential to the community. As per reports received from the State Governments, 161 persons were ordered for detention under the Act during the period from 1.1.2006 to 31.12.2006. The Central Government and the State Governments also have the power to modify or revoke the detention orders. The representations made by or on behalf of the persons ordered for detention are considered and decided by the Central Government. 129 such representations were considered and decided by the Central Government during the period from 1.1.2006 to 31.12.2006. Writ petitions are filed by the detenees in the High Courts and Supreme Court against their detention. Counter Affidavits to the same are required to be filed by the Union of India being pleaded as a party in

these petitions. 88 such affidavits were filed in the High Court during the same period.

## 6. BUREAU OF INDIAN STANDARDS

- 6.1 With the changed socio-economic environment, higher pace of industrialization, technological advancement and rising expectations of the consumers, the Bureau of Indian Standards was set up as a statutory organization under the Bureau of Indian Standards Act, 1986 taking over the 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.
- 6.2 Bureau has made a steady progress in its key activities, namely Standards formulation, Product and System Certification .

### IMPORTANT ISSUES PERTAINING TO BIS

- **Standards Formulation:** BIS is formulating need-based Indian Standards in line with the national priorities as a time bound programme. The Bureau has taken a decision to harmonize national



standards with regional and international standards in order to facilitate adoption of international standards by all segments of business and industry. Some of the important standards during Apr - December 2006 which are being published are:

- IS 15741:2006, Textiles - Resistance to Ignition of Curtains and Drapes - Specification
- Textiles - Resistance to Ignition of Upholstered Composites Used for Non-Domestic Furniture
- IS 15651:2006 Textiles - Requirements for Environmental Labelling-Specification
- IS 8310 - Information and Documentation - International Standard Book Number (ISBN)
- IS 15729:2006 'Natural Gas Pressure Regulating and Metering Terminal - Code of Practice'
- Geophysical Logging of Boreholes for Hydro-geological Purposes
- IS 4457 - Ceramic Unglazed Vitreous Acid Resisting Tiles - Specification (Second Revision)

- IS4025:2006 Rolling Bearings - Gauging Practice (Second Revision)

In addition a total of 29 standards on Gas Pipelines were published out of which some of the important standards are IS 15666:2006 - Gas Turbines, IS 15654:2006 - Supervisory Control and Data Acquisition (SCADA) System for Oil and gas pipeline and IS 15657:2006 - Centrifugal Pumps for Petroleum Petrochemical and Natural gas industries.

➤ **Product Certification**

**New Initiatives Taken**

- **Simplification of Procedure for Grant of Licence** - Initiative has been taken to reduce the time taken for grant of licence. One of the major factor which contributed towards delay in grant of licence was the time taken in testing of samples. Under the new simplified procedure, this has been addressed and licences are being granted on the basis of tests reports from BIS approved labs also. This has significantly reduced the time period for grant of licence from 4 months to 1 month. An alternate option has also been provided to the applicants to get the pre-





requisite for grant of licence verified by a Chartered Engineer in place of visit by a BIS officer. However, subsequent visits by BIS officers will ensure continuance and maintenance of manufacturing and testing equipment.

- **Outsourcing of Inspection** - Due to constraint of man power, BIS has also outsourced surveillance inspections to outside agencies. Agents have been appointed and agreements signed with them. Training has been imparted and detailed guidelines have been issued. It is expected that this will help in provision of better services to the licensees and protecting consumer's interest.
- **Outsourcing for procurement of Market samples** - With a view to involve consumer and other Non Government Organizations in the activity of conformity assessment, BIS has taken an initiative to outsource the task of procurement of market samples to agents including such organizations. It has also been decided to associate

Faculty and students of Govt. and Universities/ Engineering Colleges in the procurement of market samples.

- **Policy for Mandatory Certification** - BIS has been receiving proposals from different stakeholders for covering different products/ standards under mandatory certification. BIS has formulated a policy for selection of such items that need to be brought under mandatory certification. This will ensure a uniform and objective approach.

➤ **Certification of Govt. Organization(s) for Service Delivery**- The Quality Management Systems Standard IS/ISO 9001 provides a generic framework for organizations to ensure quality of service/ products. In order to develop a new mechanism for certifying government organizations, a new standard has been developed namely 'Quality Management Systems - Requirements for services delivery by public service organization' (IS 15700:2005 ). This standard has been specifically designed for public service organizations and prescribes a system that service organizations should install with focus on Citizen's Charter, Public



*Presentation Ceremony on Rajiv Gandhi National Quality Awards presided over by Hon'ble Minister, Ministry of Consumer Affairs, Food and Public Distribution*

Grievance Redressal and Service Quality to deliver quality of service. This standard focuses on delivery of quality service across the counter. Further, the organization implement this standard can be certified by Bureau of Indian Standards at whose request the Standard was prepared. Deptt. of Administrative Reforms and Public Grievance (DARPG) has drawn up a roadmap for implementation of this standard in government department. Ten departments have been initially identified to implement this standard and achieve certification during 2006-07. BIS has already identified and trained about 50 auditors all over India who would be certifying the



Govt. department as and when they are ready.

**Progress of Hallmarking Scheme**

With the implementation of a simplified and rationalized scheme, Hallmarking of gold and silver articles, has grown significantly during the period April to December 2006. The no. of licences for Hallmarking of gold jewellery has grown from 1410 on 1 April 2006 to 2794 as on 31 December 2006. Similarly the number of silver licences for Hallmarking of silver jewellery / artefacts has grown from 23 on 31 March 2006 to 172 as on 31 December 2006.

The average number of licences granted per month before simplification and rationalization





were 16 per month, which has significantly grown to 169 per month for the period April to December 2006.

65.76 lakh articles of gold jewellery/artifacts have been hallmarked during the period April-December 2006, bringing the total number of hallmarked articles to 180.76 lakh.

Based on the feedback received from stakeholders, the Scheme has been further modified by making appropriate changes in the application form and formulating guidelines for centralized interaction by one BO with the jewellers having multi chain outlets falling under different BOs. Further, Jewellers having multi chain outlets have been permitted 25% discount for every subsequent outlet after the first licence.

The BIS hallmarking scheme for gold is a third party certification scheme in which the licensees can get their jewellery/ artifacts hallmarked by the BIS recognized Assaying & Hallmarking (A& H) Centres. Recognition is granted to Centres, on the basis of compliance to BIS criteria for recognition of A&H centres which is based on ISO/ IEC 17025 General requirements for the competence of testing and calibration laboratories. During the year, the number of BIS recognized

Assaying and Hallmarking centres has grown to 41 from 36. Financial incentives in terms of 15% of the cost of machinery and equipment limited to Rs.15 lakhs is available to new assaying and hallmarking centres in non-traditional areas. In the case of the North-Eastern and special category States the assistance available for new centres is 30% limited to a maximum of Rs. 30 lakhs. This it is hoped will help create the requisite infrastructure for Hallmarking, to cater to the increasing demand for Hallmarked jewellery / artifacts.

- **Market Survey of Non-Hallmarked Jewellery**

A market survey was got conducted by Bureau of Indian Standards during the year 2006 in 16 cities. Out of 162 samples taken and tested for purity, 146 samples (90%) were found short in purity with average shortfall of 13.5% and maximum shortfall of 44.66% in case of non Hallmark jewellery. In order to save the consumers from heavy losses on account of short fall in purity of gold, the Department and BIS are taking up a campaign for consumer awareness.

- **Publicity about Hallmarking**

To promote hallmarking in the country for effective consumer protection in gold jewellery trade,

92 awareness programmes were organized by various Regional and Branch offices across the country. Some of these programmes were chaired by the top management of BIS for direct interaction and taking feedback from the stakeholders.

In addition to the above programmes 174 advertisements have been released in various newspapers across the country for spreading awareness among the consumers / jewellers about the benefits of hallmarking scheme.

- **Draft Bureau of Indian Standards (Hallmarking of Precious Metals) Regulations, 2006**

To provide a legal back up to Hallmarking, Draft Bureau of Indian Standards (Hallmarking of Precious Metals) Regulations have been formulated and circulated to stakeholders and hosted on BIS website for comments of stakeholders.

- **Accession to Vienna Convention on Control and Marking of Precious Metals**

As a part of ongoing efforts for accession to Vienna Convention the meeting of the Standing Committee of the convention was attended by an Indian delegation in September 2006 at Prague. Accession to the convention will facilitate export of jewellery.

## INTERNATIONAL ACTIVITIES

- **BILATERAL CO-OPERATION PROGRAMMES**

BIS signed an MOU with the American National Standards Institute (ANSI), USA in September, 2006 in the field of Standardization and Conformity Assessment.

BIS also signed an MOU with Afghan National Standardization Authority (ANSA), Afghanistan for cooperation in the fields of standardization, certification, testing, technical information and training. The agreement was signed in April 2006.

An MOU with DIN, Germany has been signed for cooperation in the field of standardization and providing technical assistance and training for establishing infrastructure.

BIS has signed a bilateral cooperation agreement with Sri Lanka Standards Institution (SLSI), Sri Lanka in August 2006. The agreement covers provisions for acceptance of test reports and inspection reports of each other for the purpose of operation of the respective certification schemes. The





agreement also covers cooperation in the areas of standardization, quality assurance and testing.

An MOU with The Associação Brasileira De Normas Tecnicas (ABNT), Brazil was also signed in September 2006. The MOU covers cooperation in the fields of standardization, certification, technical information and training.

BIS continued to work towards closer bilateral cooperation with countries such as Singapore, Oman, USA, Israel, and Thailand in close association with Ministry of Commerce and Ministry of External Affairs.

- **WTO/TBT ENQUIRY POINT**

BIS strengthened its activities as the WTO/TBT Enquiry Point, as designated by the Ministry of Commerce. Close interaction with Ministry of Commerce and Industry on various issues of national interest under WTO/TBT Agreement was maintained. The activity of providing services of the Enquiry Point was outsourced by BIS. The information with regard to the Notifications issued by various countries were downloaded, prioritized, segregated and

disseminated to a large number of stakeholders within the country. A system of sending reminders to stakeholders for their comments has been established; comments received from stakeholders are analyzed and sent to Ministry of Commerce. The notifications issued by various countries are also being uploaded on the BIS website to assist the stakeholders. Notifications relating to the products being brought under mandatory certification of BIS are also notified to WTO through the Ministry of Commerce.

All reasonable queries pertaining to Standards and Conformity Assessment Systems, both national and of other countries, from concerned interests in India as well as overseas have been replied.

In order to sensitize the various stakeholders especially the regulators a senior level workshop was organized on "Implementation of WTO TBT Agreement, Expectations from WTO TBT Enquiry Point". The workshop was chaired jointly by Secretary, Consumer Affairs and Special Secretary Min. of

Commerce. Information with regard to the structure and functioning of WTO, TBT agreement, the Notifications and their significance on Global Trade and the Role and Responsibilities of Regulators and BIS as Activity Enquiry Point was provided to the participants during the workshop.

- **CE Marking information Centre**

To facilitate Export of products to EU countries, an information centre has been established at BIS. Through this information on CE Marking on EU legislation, directives and procedure is being disseminated to Indian industries.

- **Technical Information Service Centre**

BIS provides Technical Information Services to Industry, importers, exporters, individuals and government agencies in response to their enquiries. In this endeavor, more than 600 enquiries were responded during the period.

- **ENFORCEMENT**

In its endeavor to sustain the popularity of its Standard Mark, BIS

has strengthened its enforcement activities. It organizes enforcement-cum-consumer awareness drives throughout the country to educate the common consumer about their rights, benefits of purchasing certified goods and different forms of misuse of its Standard Mark normally adopted by manufacturers/suppliers, so that the consumer can distinguish between a genuine mark and forged one. 120 search & seizures were also conducted for misuse of the Standard Mark and other violation of BIS Act during April to December 2006.

To further strengthen and increase the effectiveness of enforcement raids, this activity has been partially outsourced in 8 major locations namely National Capital Region, Mumbai, Chennai, Kolkata, Bangalore, Hyderabad, Ahmedabad and Jaipur.

- **BIS Laboratories Modernization programme**

On directions of EC, a Standing Committee was constituted for modernization of BIS Labs with following terms of reference:

- Completion of partial testing facilities
- Up-gradation of existing testing facilities
- Creation of new testing facilities
- Infrastructure





A comprehensive plan for modernization has been prepared.

➤ **Computerization of BIS activities**

The Project named "Integrated Computerization of BIS Activities" launched in November 2002 in collaboration with NIC, has made considerable progress. 36 servers, 650 computers, 350 printers and networking equipment have been procured, installed and are in use at various locations. The application software for certification marks has been developed, installed and operational in all offices of BIS. Software development for the other two core activities viz. standards formulation and laboratory services is in process. The local area networking (LAN) at Headquarters, Regional offices and Branch Offices has been completed and commissioned. All BIS offices have been connected through Wide Area Network (WAN).

➤ **Hindi Website**

Hindi version of the BIS website has been launched and is available through link on <http://www.bis.org.in>. Content related to various certification schemes and services offered by BIS has been hosted.

➤ **Online Complaint Registration**

Software for online complaint registration has also been placed

on the website, using which users/consumers can file complaints related to ISI marked products and BIS services from anywhere in India.

## 7. WEIGHTS AND MEASURES

7.1 Weights and Measures Laws form the basis of commercial transaction in any civilized society. To ensure accuracy of measurement in such transaction, the Government has enacted two legislation namely, the Standards of Weights and Measures Act, 1976 and the Standards of Weights and Measures (Enforcement) Act, 1985. The two amendment bills introduced in the Rajya Sabha on 10th March, 2005 had since been examined by the Parliamentary Standing Committee. On the recommendation of the Standing Committee, an integrated bill combining the two legislations has been prepared and inter ministerial consultations on the bill are in progress.

7.2 The Standards of Weights and Measures (Packaged Commodities) Rules, 1977 regulate pre-packed commodities sold in the course of inter-State trade or commerce. The Rules require the manufacturers/packers to indicate certain declarations on the packaged commodities in the interest of the consumers and ensure availability of the declared quantity of the product

in the package. The Rules also require importers to indicate certain declarations on imported packages in the interest of the consumers. After a comprehensive review with a view to simplification an amendment was effected vide notification GSR 425(E) dated 17.7.2006.

7.3 The Department has already set in motion the process of adopting new specifications in the Standards of Weights and Measures (General) Rules, 1987 in accordance with the recommendations made by the International Organization of Legal Metrology (OIML). Towards this end, the Rules have been amended to incorporate new specification of automatic rail weighbridges, digital type clinical thermometers, automatic gravimetric filling instruments, Standard Weights for testing higher capacity weighing machines, discontinuous totalizing automatic weighing instruments Sphygmomanometer (Blood Pressure measuring instruments) and CNG gas dispensers based on OIML recommendation.

## 8 NATIONAL TEST HOUSE

1. Buoyancy and Temperature Rise Test were carried out for Life Jackets to protect consumer safety.
2. The reasons for failure of Macalloy Bars, imported from M/s. Macalloy

Limited, Sheffield, UK, which was utilized as upstream side hangers of post-tensioning system by M/s. Larsen & Toubro Ltd. during erection work of Second Vivekananda Bridge over the Ganges was investigated.

3. Lucas TVS Motor has entrusted NTH the work on investigation of failure of rubber moulded cap, fitted on Spark Plug. A critical testing of Breakdown voltage of rubber moulded cap currently used by Lucas TVS has been determined and the reason of failure identified.
4. The following actions have been undertaken for the goal of Self-Reliance:
  - i) Internal Task Force (ITF) has been constituted with the following five working groups for overall development of the organization.
    1. WG-1: Business Promotion & Customer Satisfaction.
    2. WG-2 : Development of Test Laboratories.
    3. WG-3 : Implementation of Quality System.
    4. WG-4 : Human Resource Development.
    5. WG-5 : Infrastructural Facilities/ Welfare Schemes for optimizing the efficiency.





ii) The following committees have been formed for optimizing the functioning of the organization :

- i) Revision of Test Fee Structure..
- ii) MIS (Management Information System).
- iii) Standardization of PDC (Probable Date of Completion) and its monitoring system.
- iv) Advisory & Monitoring Committee related to ITF (Internal Task Force).
- v) Committee for FCS (from Scientist-SB to Scientist-SG).
- vi) Restructuring Committee for Scientific Staff.
- vii) Restructuring Committee for Administrative Staff.
- viii) Restructuring Committee for Technical Supporting Staff.

## 9. CONSUMER COOPERATIVES

9.1 Consumer cooperatives have been playing a significant role in the distribution of consumer goods, particularly supply of essential consumer items at fair prices to the rural community, especially in remote, inaccessible and hilly areas. The objective of consumer cooperatives has been to eliminate middleman, to protect the wholesalers and sell to consumers at reasonable prices. The surplus, if any, is distributed among the members as bonus on purchases or used for growth of the cooperatives. Consumer cooperatives have received a good deal of support from the Government, as they help to check rise in prices of consumer goods. Consumer Cooperatives have a four-tier structure comprising primary store, wholesale/Central store, State Consumer Cooperative Federations and National Consumer Cooperative Federation.

## CHAPTER - III

### GENERAL PRICE SITUATION AND AVAILABILITY OF ESSENTIAL COMMODITIES

3.1 During the current financial year 2006-07 (up to December, 2006), the prices of certain commodities such as wheat and pulses have registered an upward trend. The prices of other essential commodities have generally remained within reasonable levels. The reasons for the rise in prices of wheat and pulses are shortfall in domestic supplies relative to demand and hardening of international prices. Overall availability of other essential commodities has remained at reasonable levels barring marginal variations noticed in the prices of sugar and potato. Since November 2006, prices of pulses viz., gram dal, tur dal, moong dal and urad dal have shown some decline at various centres at retail and wholesale level. Retail prices of sugar in Delhi, after being pegged in the bracket of Rs 21.00-22.00 per kg since the beginning of the financial year, declined to Rs 20.00 per kg with effect from 16.11.06 and further to Rs 19.00 per kg with effect from 26.12.06

#### PRICE MONITORING CELL

- 3.2 The Department of Consumer Affairs is entrusted with the task of monitoring of the prices and availability of essential commodities in the country. The Price Monitoring Cell (PMC) of the Department of Consumer Affairs continued to monitor regularly the prices of 14 essential commodities, viz., rice, wheat, atta, gram dal, tur/arhar dal, tea, milk, sugar, vanaspati, mustard oil, groundnut oil, potato, onion and salt, and other matters relating to price scenario.
- 3.3 Monitoring of Daily retail prices and weekly wholesale prices on 14 essential commodities collected from 18 and 37 centres respectively is done regularly. With effect from 12.7.2006, nine additional centres viz., Jammu, Srinagar, Raipur, Ranchi, Dehradun, Chandigarh, Amritsar, Ludhiana and Kohima have been added in the Daily Retail Prices Report which are reporting prices of essential commodities.
- 3.4 The Government has given highest priority to check price rise in the





country. In the wake of rise in prices of essential commodities, meetings of the Committee of Secretaries (CoS) and of the Cabinet Committee on Prices of essential commodities are being held regularly since March, 2006 to review the prices of these commodities. Notes on the measures taken by Government for ensuring adequate supplies including the rise in prices of essential commodities were prepared and given to Press Information Bureau (PIB) on a weekly basis for wide publicity. Analytical notes on latest price situation and availability of essential commodities were prepared based on the WPI

numbers, wholesale/retail prices, production, procurement and exports/imports of select essential commodities for consideration of the meetings of High Powered Price Monitoring Board (HPPMB) and other high level meetings.

## RETAIL PRICES

3.5 Barring an increase in prices registered for certain essential commodities like wheat, pulses viz., gram dal, tur dal, urad dal and moong dal, the retail prices of other essential commodities have largely exhibited a steady trend. A summary of zone-wise movement of average prices during April - December, 2006 is given below:

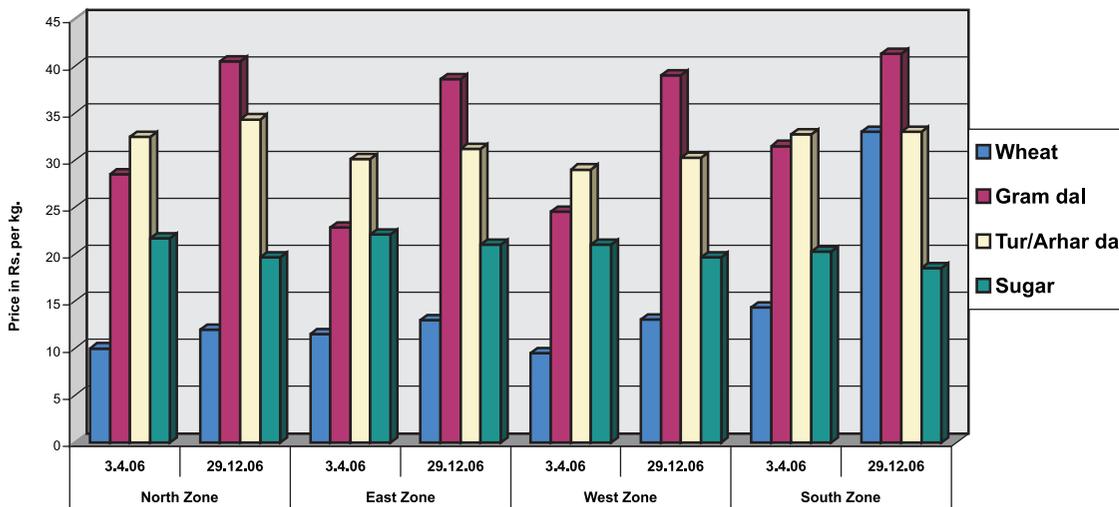
(Rs per kg)

Item	North Zone		East Zone		West Zone		South Zone	
	3.4.06	29.12.06	3.4.06	29.12.06	3.4.06	29.12.06	3.4.06	29.12.06
Rice	12.67	14.10	11.08	11.50	11.19	12.38	11.75	11.67
Wheat	10.00	12.00	11.50	13.00	9.50	13.06	14.33	14.33
Atta	11.33	13.83	12.58	14.33	10.88	13.75	14.50	14.33
Gram dal	28.50	40.50	26.40	38.60	24.50	39.00	31.50	32.00
Tur/Arhar dal	32.50	34.33	29.83	31.17	29.00	30.25	32.75	32.33
Sugar	21.67	19.67	22.08	21.00	21.00	19.88	20.25	20.50
Groundnut oil*	81.00	83.67	80.00	80.00	56.62	65.50	52.00	52.67
Mustard oil *	52.67	59.67	50.83	54.50	53.50	55.00	68.50	68.50
Vanaspati	48.00	54.00	48.50	53.00	46.50	49.75	50.50	50.33
Tea	121.00	129.67	104.17	106.67	117.75	116.50	169.5	156.00
Milk (Rs. Per litre)	16.67	18.00	20.17	21.83	15.75	17.00	14.25	14.33
Potato	6.67	6.33	7.17	9.17	7.88	10.25	10.00	11.33
Onion	6.67	11.33	8.83	9.67	4.62	7.00	5.13	5.17
Salt(Packed)	8.75	8.67	7.58	7.50	7.19	7.12	7.00	6.50

\* Includes refined oil. Price differential due to differences in quality specifications of the product reported upon by the concerned State Governments Source:-State Food & Civil Supplies Depts.

3.6 The trend is graphically depicted below:

Trend of Average Retail Prices of Wheat, Gram Dal, Tur Dal and Sugar



### TREND IN INFLATION IN TERMS OF WHOLESALE PRICE INDEX (WPI) NUMBERS:

3.7 During the first 9 months of the year 2006-07 (upto December 2006), the all commodities' Wholesale Price Index (WPI) number was estimated to be higher at 5.7% as compared to 4.1% in the corresponding period a year ago. The annual rate of inflation during the month of December 2006 was also higher at 5.4% as compared to 4.5% in the month of December 2005. The higher rate of inflation in the current year was mainly attributed to a rise in prices of primary articles specially food articles from the beginning of

September 2006. The inflation rates for primary articles at 8.6 per cent was significantly higher than 4.9 per cent recorded a year ago; for manufactured products at 4.9 per cent was also higher than 3.1 per cent pegged last year; however, for the fuel and power group the inflation rate at 3.6 per cent was lower than 7.8 per cent recorded a year ago.

3.8 Out of the total 435 commodities included in the Wholesale Prices Index basket (Base 1993-94=100) compiled by the Department of Industry, 27 commodities are considered as essential, which account for 17.80% of the total weight in the WPI. The annual percentage variation in the





wholesale price indices of these 27 selected essential commodities along with their groups/sub-groups during the month of December, 2006 and for the corresponding period in 2005 are given in **Annexure-I**. During the first 9 months of 2006-07, the annual rate of inflation hovered in the range of 3.86% (recorded in April 2006) and 5.43% (recorded in December 2006), while in the corresponding period in 2005-06, the same was in the range of 3.66%(August 2005) and 5.91% (April 2005).

### INFLATION BASED ON CPI

3.9 During the first nine months of 2006-07, the Consumer Price Index for Industrial Workers (CPI-IW) rose by an average of 6.58% while the WPI increased on an average by 4.83%. A statement showing the

trend in the rate of inflation in CPI vis-à-vis WPI during 2006-07 is given below:

3.10 The current financial year started with an annual CPI inflation rate of 5.1 per cent in April 2006, which was higher than WPI inflation rate 3.86 per cent in April 2006. CPI inflation rate at 7.56 percent in June 2006 was the highest recorded in the last 7 years. The WPI-based monthly average inflation rate in October 2006 at 5.51 per cent was lower than 7.30 per cent CPI-based inflation in the same month. The CPI-based inflation remained higher than WPI-based inflation since November 2005 with the food group having a higher weight in the CPI-IW basket than in the WPI basket. The trend of CPI and WPI annual rates of inflation from April 2006 till date is graphically depicted below:

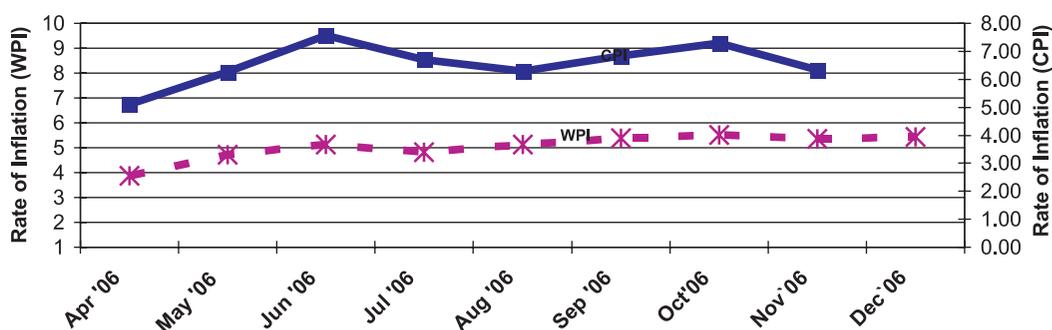
(Para 3.9) (in percentage)

Index	Apr.06	May.06	Jun.06	Jul.06	Aug.06	Sep.06	Oct.06	Nov.06	Dec.06	Average (Apr- oct)
CPI	5.1	6.26	7.56	6.69	6.30	6.83	7.30	6.33	NA	6.54
WPI	3.86	4.73	5.12	4.83	5.12	4.92	5.51	5.31	5.43	5.04

\*provisional

Rate of Inflation in WPI and CPI

(Para 3.10)



## COMMODITY-WISE TREND IN AVAILABILITY AND PRICES OF ESSENTIAL COMMODITIES

3.11 The availability of essential commodities other than wheat and pulses remained comfortable and the retail prices indicated largely a steady trend for most of the commodities. Since the increase in the prices of foodgrains, including pulses, has largely been due to supply side constraints (and consequent demand-supply gaps) and hardening of international prices, steps have been taken to augment the domestic availability by reduction in the duty rates and permitting liberal imports. Month-end retail prices of 14 essential commodities at major metropolitan cities from April, 2006 to December 2006 are shown in **Annexure II**. Commodity-wise position in the prices, production and availability of essential commodities are briefly analyzed below:

### RICE

3.12 During the current financial year, so far, the retail prices of rice remained at reasonable levels at almost all reporting centers. The retail price of common variety of rice indicated a steady trend across the country at Rs.8.00-16.00 per kg depending on varieties, barring marginal variations at some centers due to

higher input and transportation cost.

3.13 During 2005-06, the production of rice, as per the 4th Advance Estimates of Production of the Department of Agriculture and Cooperation, stood at 91.04 million tonnes compared to 83.13 million tonnes in 2004-05. Production of kharif rice during 2006-07 (1st Advance Estimates) is estimated to be higher at 75.74 million tonnes from the 78.04 million tonnes in the corresponding period a year ago.

3.14 The stocks of rice in the Central Pool available with Food Corporation of India and State agencies as on 1st December 2006 was 12.06 million tonnes as compared to 11.13 million tonnes as on 1st December 2005. The procurement of rice during the marketing season 2005-06 (October - September) was 28.04 million tonnes as compared to 24.11 million tonnes in 2004-05. The progressive procurement of rice during 2006-07 (upto 22.12.06) was 11.97 million tonnes as compared to 12.45 million tonnes in the corresponding period last year. An incentive bonus of Rs 50 per quintal in respect of rice has been announced in respect of paddy procured during period 1.10.06 to 31.3.07 in order to boost procurement.





## WHEAT

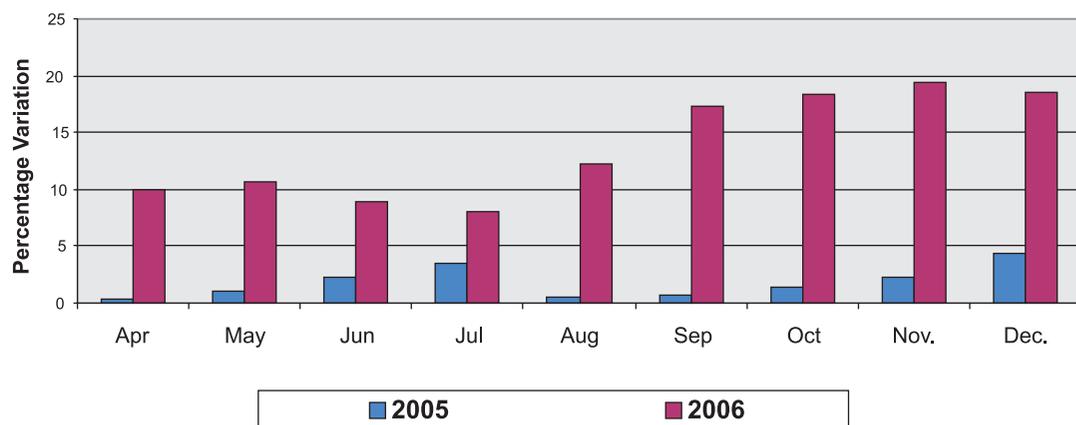
3.15 The retail prices of wheat which were ruling in the range of Rs 8.00 to Rs 16.50 per kg (Thiruvananthapuram) in April 2006 initially, started showing signs of hardening in November 2006 when prices of wheat in Delhi increased to Rs 12.00 per kg and in the Southern States it increased at Bangalore, Chennai and Thiruvananthapuram by upto Rs. 3.50 per kg. However, prices declined at Hyderabad by Rs.2.00 per kg. Since then, retail prices of wheat are ruling in the range of Rs 11.00 per kg (Bhopal) to Rs 18.00 per kg (Thiruvananthapuram) as on 29.12.06. NCDEX spot prices of wheat at Delhi showed a consistent rising trend from mid October 2005 from a plateau level in earlier months. Futures prices mirroring the trend in the spot market also reflected the underlying fundamentals of the commodity.

3.16 The trends in the WPI of wheat for FY 2006-07 and FY 2005-06 are graphically depicted below:

3.17 The production of wheat during the year 2005-06 is estimated to be 69.48 million tonnes (Fourth Advance Estimates of Department of Agriculture and Cooperation) as against 68.64 million tonnes during the year 2004-05. The target for production of wheat during 2006-07 is 75.53 million tonnes. The opening stock of wheat in the Central Pool was 2.01 million tonnes which is lower in comparison to the buffer norm of 4 million tonnes. Procurement of wheat during marketing season 2006-07 (April-March) was only 9.23 million tonnes as compared to the procurement target of 16.2 million tonnes and 14.79 million tonnes in previous year 2005-06. The largest shortfall was emanating from Uttar Pradesh which contributed only 48,873 tonnes as

Trend in WPI of WHEAT in 2005-06 & 2006-07

(Para 3.16)



compared to 5,59,773 lakh tonnes in the previous year. Following the announcement of MSP of Rs 650 per quintal on 29.9.05, an incentive of Rs. 50 per quintal payable over the MSP was announced by the Government on 21.4.06. From the beginning of the marketing season this year, Private trade including those in organized/corporate sector were active in market purchases in the States of Uttar Pradesh, Haryana, Punjab and Madhya Pradesh.

3.18 In order to supplement domestic availability, Government decided to import 55 lakh tonnes of wheat at zero customs duty. The first decision to import 5 lakh tonnes of wheat through the STC was taken in February, 2006. The imports were to arrive only at the Southern ports (Chennai, Tuticorin and Kakinada). This was followed by a decision to import 30 lakh tonnes of wheat and to import an additional 20 lakh tonnes of wheat. The State Trading Corporation had contracted for import of 55 lakh tonnes of wheat on Government account to supplement domestic availability. Apart from the above, customs duty on imports of wheat by private trade has been reduced from 50% to 5% on 28.6.06 and further to zero duty w.e.f. 9.9.06. Imports have also been allowed freely upto 31.12.06. Government

have issued a notification on 14.12.2006 extending the validity period of zero duty on import of wheat from 31.12.06 for a further period up to 28.2.2007. Around 6.03 lakh tonnes of wheat has been imported on private account and another 2-3 lakh tonnes are expected to have arrived by 31.12.2006.

3.19 Other steps taken by Government to contain prices of wheat are (i) Reintroduction of enabling provisions to prescribe stock limits and licensing requirements (in August 2006) under the EC Act for the State Governments; (ii) Additional releases have been made under APL category of 1 lakh tonnes each for the months of September, October and November, 2006; (iii) Constant monitoring of availability of wheat stocks in various regions to ensure that all States of the country have adequate wheat stocks to meet the commitments under TPDS and welfare schemes.

3.20 Along with urbanization, a change in diet in favour of wheat and wheat products in the consumption basket is already underway and is likely to expand in the coming years. From 1993-94 onwards, the per capita consumption of wheat and wheat products has been rising faster in urban areas than in the rural areas.





As per the data on household consumer expenditure 60th Round of NSSO, the per capita consumption of wheat and wheat products in 2004-05 was around 4.67 kg per capita in urban areas (4.44 kgs in 1993-94), compared to the per capita consumption of 4.25 kgs of wheat in rural areas (4.32 kgs in 1993-94). To meet the enhanced demand, it is necessary to ensure adequate supplies by raising production and productivity.

### PULSES

3.21 The retail prices of pulses viz., gram dal, tur dal, moong dal and urad dal have indicated an upward trend at the various centers in the current year. Retail prices of gram dal and tur dal registered an increase since July 2006. Prices of gram dal at Delhi also increased from Rs 31.00 per kg in end July, 2006 to Rs 42.50

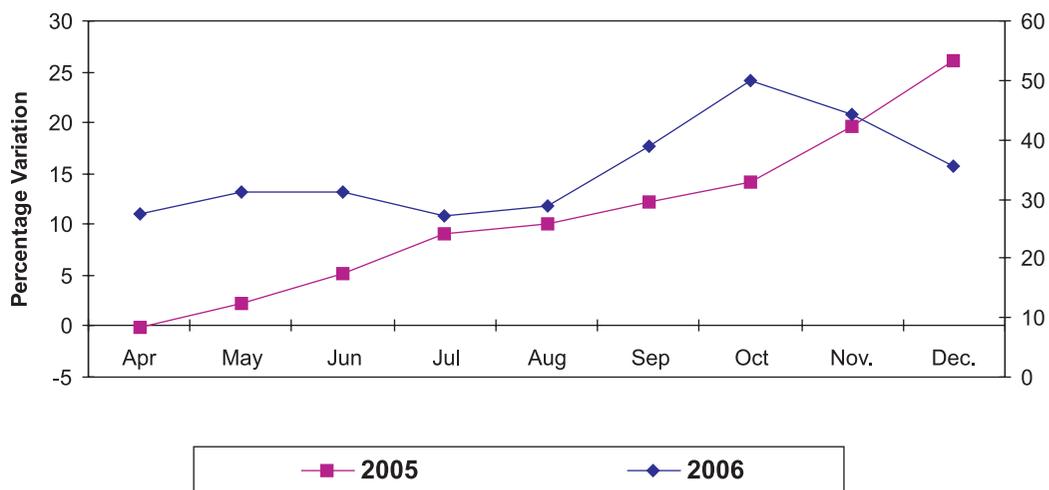
per kg in end October 2006. Prices have since declined to Rs 38.00 per kg in end December, 2006. Prices of tur dal increased from Rs 33.00 per kg in end July, 2006 to Rs 35.00 per kg in end October 2006. Prices of tur dal have declined to Rs 33.00 per kg in end December, 2006. Similarly, retail prices of moong dal (split) at Delhi also increased from Rs 44.00 per kg to Rs 47.00 per kg and that of urad dal (split) increased from Rs 44.00 per kg to Rs 52 per kg during the same period. However, prices of moong and urad have also shown a decline since November, 2006.

The trend in WPI of gram in 2006-07 and 2005-06 is graphically depicted below:

3.22 Production of pulses have been stagnant (around 13-14 million tonnes) for the past one decade. However it was comparatively

Trend in WPI of Gram Dal in 2005-06 & 2006-07

(Para 3.21)



lower at 13.11 million tonnes in 2005-06 as compared to 13.13 million tonnes in 2004-05. During the year 2006-07, production of kharif pulses is estimated to be marginally higher at 4.97 million tonnes compared to 4.66 in the corresponding period a year ago.

3.23 The demand for pulses has been increasing steadily mainly due to increase in population and enhanced protein requirements in food. In view of the near stagnancy in production, the gap in demand and supply is met, to some extent, through imports. Consumption of pulses per capita has been increasing in the country. The gap between demand and supply is met through import of 1.5-2.0 million tonnes per annum. This year the crop in Pakistan and Bangladesh have also been adversely affected leading to significant rise in international prices of urad and chana which is mainly imported from Myanmar. Import of pulses during 2005-06 was 16.08 lakh tonnes as compared to 13.39 million tonnes in 2004-05. During April-December, 2006 it was 14.05 lakh tonnes as against 16.99 lakh tonnes in April-December 2005.

## SUGAR

3.24 The retail prices of sugar had remained high during the current financial year upto the middle of

November 2006. On expectations of a bumper harvest of sugarcane, prices started declining at Delhi from 16th November, 2006. Prices of sugar at other centres stood in the range of Rs 17.00 per kg to Rs 21.00 per kg as on 29th December 2006 as compared to prices ranging from Rs 19.50 per kg to Rs 23.00 per kg as on 3rd April 2006.

3.25 The production of sugar has increased to 191 lakh tonnes during 2005-06 sugar season from 136.60 lakh tonnes a year ago. During 2006-07 sugar year, production is likely to be 227.34 lakh tonnes.

3.26 The production of sugarcane, as per the First Advance Estimates of production for 2006-07 is estimated to be higher at 283.4 million tonnes compared to 278.39 million tonnes in 2005-06.

3.27 Export of sugar during the first six months of 2006-07 (April-September 2006) was 10.92 lakh tonnes as compared to 0.35 lakh tonnes in the corresponding period a year ago.

## EDIBLE OILS

3.28 During the current year, the edible oil prices remained steady barring a marginal increase at some centres. Retail prices of groundnut oil (including refined) were quoted in the range of Rs.60.00-92.00 per kg and mustard oil (including refined)





in the range of Rs.48.00 to Rs.81.00 per kg. Vanaspati was available in the range of Rs.43.00-58.00 per kg during this period. Total production of oil seeds during 2005-06 was at a record level of 27.73 million tonnes compared to 24.35 million tonnes in 2004-05. For the year 2006-07, target of production of oil seeds has been fixed at 26.58 million tonnes.

- 3.29 The edible oils have a weight of 2.7% in WPI. In terms of WPI numbers, the sub-group of edible oils recorded an increase of 11.0% during April - December 2006 as against a decline of 3.2% during the same period last year. Among individual edible oils, increase of 21.3% was noted in groundnut oil, 13.4% in coconut oil, 12.6% in mustard oil and 6.9% in vanaspati.
- 3.30 The gap in the availability of demand and supply of edible oil to the extent of around 40% is met by imports. Imports of edible oils during the year 2005-06 was 41.75 lakh tonnes as compared to 45.42 lakh tonnes in 2004-05. During the first six months of 2006-07 (April-September 06), 21.58 lakh tonnes of edible oils have been imported as against 24.86 lakh tonnes in the corresponding period a year ago (source: DGCI&S).
- 3.31 International prices of crude palm oil have increased in the last one year by around 25%, those of RBD

palmolein by 22% and those of soyabean oil by 20%. In view the rise in international prices, Government have reduced the import duty on Crude Palm Oil/ crude palmolein from 80% to 70% and import duty on refined palm oil/RBD palmolein from 90 % to 80% with effect from 11.8.2006.

- 3.32 During 2006-07, tariff value of different imported edible oils has been revised in tune with the trend in international prices. As on 1.12.06, tariff value on Crude Palm oil was US \$ 447 PMT, RBD palmolein at US \$ 476 PMT, Crude Palmolein at US \$ 481 PMT, RBD Palmolein at US \$ 484 PMT and Crude Soyabean oil at US \$ 580 PMT.

## VEGETABLES

### ONION

- 3.33 Vegetable prices are subjected to variations depending on the availability and seasonal factors. Government has kept a close watch on the prices and availability of vegetables especially onion and potato. During the current financial year 2006-07 prices remained at lower levels as compared to last year. Production of onion during 2005-06 is estimated to be 6.23 million tonnes against 5.94 million tonnes in last year. Exports of onion during 2006-07 (April-December) were 9 lakh tonnes higher than 5.55 lakh tonnes

in corresponding period of previous year owing to good demand for onion in export market and failure of the crop in neighbouring countries.

## POTATO

3.34 The first signs of increase in prices of potato were registered in the beginning of July 2006. Potato prices generally tend to increase during the months of September-November, in almost all the markets, since only stored potato is available during this time from cold storages, hills and Karnataka. New crop of potato from Karnataka and Himachal Pradesh started arriving from November 2006 in the Azadpur Mandi, Delhi. Potato arrivals increased by third week of November from the States of Bihar, Uttar Pradesh, Uttaranchal, Punjab, Gujarat and Haryana. Since then, prices of potato have eased in various markets viz., Delhi, Lucknow, Shimla and Thiruvananthapuram and are now ruling in the range of Rs 5.00 per kg to Rs 14.00 per kg (Thiruvananthapuram).

3.35 Production of potato during 2005-06 is estimated at the around the same level of 26.48 million tonnes as in the previous year (Source: National Horticultural Research and Development Foundation, Nasik). The trend in WPI 2006-07 and 2005-06 is graphically depicted below:

## TEA

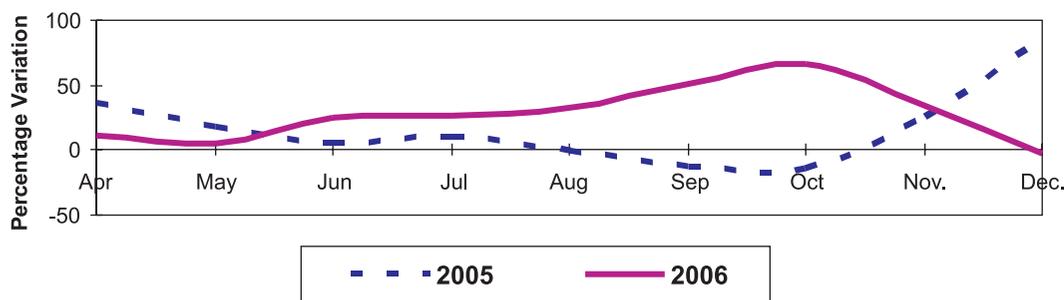
3.36 The retail prices and availability of tea indicated a steady trend during the period under review. Exports of tea during the first six months of 2006-07 (April-September 06) was 899.60 lakh kg as against 764.15 lakh kg in the corresponding period a year ago (source: DGCI&S).

## SALT

3.37 The availability and prices of salt remained satisfactory all over the country. The retail price of salt (packed) as reported by the State Civil Supplies Departments, was in the range of Rs.4.50 to Rs.10.00 per kg in different centers of the country.

Trend in WPI of Potato in 2005-06 & 2006-07

(Para 3.35)





**Percentage Variation in the Wholesale Price Index number of Selected Essential Commodities During the Month of December 2006 and December 2005**

Commodity/Sub-group	Annual Rate of Inflation		Percentage Variation during April-December	
	Dec. 06 (OverDec.05)	Dec.05 (OverDec.04)	Apr.-Dec.06	Apr - Dec.05
ALL COMMODITIES	5.4	4.5	5.7	4.1
PRIMARY ARTICLES	8.6	4.9	10.5	6.2
FOOD ARTICLES	8.2	6.9	10.3	7.3
CEREALS	10.2	4.1	7.5	3.0
Rice	4.3	2.9	4.3	1.9
Wheat	18.4	4.6	11.0	4.8
Jowar	12.3	2.7	9.0	2.2
Bajra	10.6	12.1	8.6	2.8
PULSES	29.2	16.8	22.7	22.2
Gram	35.0	26.7	36.9	27.0
Arhar	6.5	-4.9	5.8	5.7
Moong	35.9	14.9	18.3	18.8
Masur	2.9	1.3	5.5	7.1
Urad	42.0	35.7	26.6	42.2
VEGETABLES	-2.7	33.2	31.9	42.2
Potatoes	-2.2	83.8	17.3	64.6
Onion	-30.5	74.3	33.9	85.5
Milk	7.3	-0.7	4.9	-0.4
Fish-Marine	0.0	17.5	-1.6	19.1
Mutton	8.4	6.9	7.4	2.3
Chillies(dry)	66.7	3.7	53.8	14.2
Tea	20.7	-10.2	25.0	3.1
FUEL,POWER,LIGHT & LUBRICANTS	3.6	7.8	2.1	7.3
Coke	0.0	63.9	0.0	0.0
Kerosene	0.0	0.0	0.0	0.0
MANUFACTURED PRODUCTS	4.9	3.1	5.2	2.1
Atta	24.4	7.3	21.7	6.9
SUGAR, KHANDSARI & GUR	-0.3	7.5	-5.1	1.2
Sugar	-0.7	8.7	-5.9	1.2
Gur	0.7	10.3	4.3	6.4
Salt	-9.3	19.0	-5.4	-2.3
EDIBLE OILS	10.6	-7.6	11.0	-3.2
Vanaspati	8.7	-5.0	6.9	-1.3
Mustard Oil	9.3	-9.8	12.6	-2.5
Coconut Oil	10.7	-25.4	13.4	-23.0
Groundnut Oil	18.0	-4.8	21.3	0.2
TEXTILES	1.2	-2.8	1.2	-0.4
Cotton Cloth (Mills)	-0.6	-1.9	-0.2	-1.0



ANNEXURE - II

Month-end Retail Prices of Essential Commodities at Selected Centres

(Rs per kg.)

Rice	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06
DELHI	13.00	14.00	14.00	14.00	14.00	14.50	14.00	14.00	14.50
MUMBAI	12.25	12.50	12.50	12.50	12.50	12.50	13.00	13.00	13.00
KOLKATA	10.00	10.00	10.00	11.00	11.50	11.00	12.00	11.00	11.00
CHENNAI	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00
<b>Wheat</b>									
DELHI	10.00	10.00	10.00	10.00	11.00	11.00	11.00	12.00	12.00
MUMBAI	13.50	13.50	14.00	14.00	14.00	14.50	15.25	15.75	16.25
KOLKATA	NT								
CHENNAI	13.50	13.50	14.00	14.00	15.00	17.00	17.00	17.00	17.00
<b>Atta</b>									
DELHI	11.00	11.00	11.00	11.00	12.00	12.00	13.00	13.00	13.00
MUMBAI	14.00	14.00	15.00	15.00	16.00	16.00	16.00	16.00	17.00
KOLKATA	11.50	12.00	12.00	12.00	13.00	14.00	14.00	14.00	14.50
CHENNAI	15.00	15.00	15.00	15.00	16.00	17.00	17.00	18.00	18.00
<b>Gram Dal</b>									
DELHI	29.00	31.00	31.00	31.00	35.00	42.00	42.50	40.00	38.00
MUMBAI	30.00	34.00	33.00	35.00	37.00	44.00	45.00	44.00	44.00
KOLKATA	26.00	26.00	32.00	32.00	34.00	40.00	42.00	40.00	40.00
CHENNAI	30.00	34.00	34.00	31.00	35.00	44.00	43.00	41.00	38.00
<b>Tur Dal</b>									
DELHI	33.00	34.00	34.00	33.00	34.00	35.00	35.00	34.00	33.00
MUMBAI	32.00	30.00	30.00	33.00	33.00	35.00	34.00	34.00	35.00
KOLKATA	30.00	31.00	31.00	32.00	32.00	32.00	30.00	30.00	32.00
CHENNAI	34.00	34.00	34.00	32.00	34.00	36.00	36.00	35.00	35.00
<b>Sugar</b>									
DELHI	22.00	22.00	22.00	21.00	21.00	21.00	21.00	20.00	19.00
MUMBAI	21.50	21.50	21.50	21.50	21.50	21.50	21.00	21.00	19.50
KOLKATA	21.00	22.00	21.50	21.00	21.00	21.00	21.00	20.00	20.00
CHENNAI	20.00	20.00	20.00	19.50	19.00	18.00	18.00	18.00	17.00
<b>Groundnut Oil</b>									
DELHI*	85.00	85.00	85.00	85.00	89.00	90.00	90.00	91.00	92.00
MUMBAI	70.00	70.00	68.00	74.00	73.00	73.00	75.00	74.00	74.00
KOLKATA*	80.00	80.00	80.00	80.00	80.00	80.00	80.00	80.00	80.00
CHENNAI	48.00	51.00	50.00	52.00	56.00	59.00	60.00	62.00	63.00

contd...



contd....

<b>Mustard Oil</b>									
DELHI*	48.00	49.00	49.00	50.00	52.00	52.00	53.00	58.00	58.00
MUMBAI*	78.00	78.00	75.00	74.00	74.00	75.00	75.00	75.00	72.00
KOLKATA	48.00	48.00	50.00	50.00	50.00	50.00	50.00	56.00	56.00
CHENNAI	NT								
<b>Vanaspati</b>									
DELHI	48.00	49.00	49.00	50.00	55.00	56.00	56.00	56.00	56.00
MUMBAI	58.00	58.00	58.00	58.00	58.00	58.00	58.00	58.00	58.00
KOLKATA	42.00	48.00	48.00	47.00	44.00	52.00	52.00	52.00	55.00
CHENNAI	51.00	52.00	52.00	53.00	55.00	54.00	55.00	56.00	56.00
<b>Tea (Loose)</b>									
DELHI	105.00	106.00	108.00	105.00	105.50	107.00	109.00	110.00	109.00
MUMBAI	136.00	136.00	136.00	136.00	136.00	136.00	136.00	136.00	136.00
KOLKATA	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
CHENNAI	210.00	210.00	210.00	210.00	210.00	210.00	210.00	210.00	210.00
<b>Milk@</b>									
DELHI	16.00	16.00	16.00	16.00	16.00	17.00	17.00	17.00	17.00
MUMBAI	14.00	15.00	15.00	17.00	17.00	17.00	17.00	17.00	17.00
KOLKATA	23.00	23.00	24.00	25.00	25.00	25.00	25.00	27.00	27.00
CHENNAI**	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00
<b>Potato</b>									
DELHI	8.00	9.00	10.00	11.00	12.00	13.00	17.00	9.00	6.00
MUMBAI	11.00	11.00	11.00	12.00	11.00	13.00	13.00	13.50	13.00
KOLKATA	5.50	6.50	7.00	7.00	7.50	8.00	8.00	8.00	6.00
CHENNAI	8.00	8.00	8.00	11.00	9.00	10.00	12.00	9.00	11.00
<b>Onion</b>									
DELHI	6.00	6.00	9.00	9.00	9.00	9.00	11.00	9.00	11.00
MUMBAI	4.50	4.00	6.50	7.00	9.00	9.00	9.00	11.00	11.00
KOLKATA	6.00	6.00	7.00	8.00	8.00	10.00	10.00	10.00	10.00
CHENNAI	5.00	5.00	5.00	7.00	6.00	7.00	6.00	6.00	11.00
<b>Salt (Packed)</b>									
DELHI	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
MUMBAI	9.25	9.25	9.25	9.25	9.00	9.00	9.00	9.00	9.00
KOLKATA	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
CHENNAI	8.50	8.50	8.50	8.50	8.50	8.50	8.50	9.00	9.00

Source : State Civil Supplies Deptt. NR - Not Reported NT - Not Traded.

@ - Rs per litre \* - Refined oil \*\* - Three Roses Brand

## CHAPTER - IV

### ESSENTIAL COMMODITIES ACT, 1955

- 4.1 The Essential Commodities Act, 1955 was enacted to ensure the easy availability of essential commodities to consumers and to protect them from exploitation by unscrupulous traders. The Act provides for the regulation and control of production, distribution and pricing of commodities which are declared as essential for maintaining or increasing supplies or for securing their equitable distribution and availability at fair prices. Exercising powers under the Act, various Ministries/Departments of the Central Government and under the delegated powers, the State Governments/UT Administrations have issued Control Orders for regulating production, distribution, pricing and other aspects of trading in respect of the commodities declared as essential. The enforcement/implementation of the provisions of the Essential Commodities Act, 1955 lies with the State Governments and UT Administrations.
- 4.2 The commodities declared as 'essential' under the Essential Commodities Act, 1955 are reviewed from time to time in the light of changes in the economic situation and particularly with regard to their production and supply in consultation with the concerned Ministries/Departments administering these commodities. Number of such commodities which stood at 70 in the year 1989 has now been brought down to 7 through such periodic reviews so as to facilitate free trade and commerce.
- 4.3 The State Governments and UT Administrations being the enforcement agencies under the Act, are regularly taking recourse to the Act for implementation of its provisions by taking action against violators. The results of enforcement of the Essential Commodities Act, 1955 in the States/UTs during the year 2006 as reported up to 31.12.2006 are as under: -





i)	No. of raids conducted	-	135025
ii)	No. of persons arrested	-	5421
iii)	No. of persons prosecuted	-	3244
iv)	No. of persons convicted	-	565
v)	Value of goods confiscated	-	Rs. 977.21 lakhs

## ESSENTIAL COMMODITIES (AMENDMENT) BILL, 2006

4.4 As reflected in the recommendation of the Group of Central Ministers and State Chief Ministers, it is now universally accepted that all unnecessary and redundant restrictions, which distort and impede operation of market forces should be removed. Such restrictions neither benefit the producer nor the consumer. In case of agricultural commodities, such restrictions/regulations have been adversely affecting the interests of the farmers without any benefit flowing to the consumers. Further, it has been reiterated in PM's address to the Nation on 24.6.2004 that the National Common Minimum Programme specifically commits that farmers all over the country will receive fair and remunerative prices and that the terms of trade will be maintained in favour of agriculture. Moreover, the goal of a common Indian market, particularly for agricultural commodities, and promotion of agro exports and agro processing industries will be difficult to achieve unless and until

trade and commerce is freed from such unnecessary and discretionary restrictions. In addition, regulations under the umbrella of the Essential Commodities Act, which have no bearing on the essentiality of an item or the objective of the said Act, require to be made transparent and objective. It has also been decided that only those commodities considered essential to life, or which are in the interest of farmers and the large section of the people below the poverty line, may be retained as essential commodities.

4.5 Keeping in mind this unambiguous mandate to minimize if not remove the regulatory infrastructure under the Essential Commodities Act, particularly those pertaining to agricultural commodities, the Department, after obtaining the approval of the Cabinet, have introduced the Essential Commodities (Amendment) Bill, in the Rajya Sabha on 20.12.2005. The Essential Commodities (Amendment) Bill, 2006 has now been passed by Rajya Sabha on 21.08.2006 and by the Lok Sabha on 28.11.2006. After receiving the

assent of the President on the 24<sup>th</sup> December, 2006, the corresponding Act has been published in the Gazette of India on 26<sup>th</sup> December.2006 as Act No: 54 of 2006. The amended provision will come into force from 12.2.2007.

- 4.6 The salient feature of the amendment is that the EC Act will function mainly as an umbrella legislation, provisions of which should be invoked in public interest by the Central Government in emergencies when supplies of essential commodities cannot be tackled through normal trade channels. The list of essential commodities has been pruned down from 15 to 7. Those commodities retained as essential commodities are: (i) drugs; (ii) foodstuffs including edible oilseeds and oils; (iii) fertilizer, whether inorganic, organic or mixed, (iv) petroleum and petroleum products; (v) hank yarn made wholly from cotton; (vi) raw jute and jute textile; and (vii) seeds of food-crops and seeds of fruits and vegetables, seeds of cattle fodder, and jute seeds.
- 4.7 In the context of liberalization of the economy and the relatively more comfortable food situation and in pursuance of the recommendations of a Standing Committee comprising of some

Union Ministers and State Chief Ministers which had been constituted to review the impact of WTO on Agriculture, a decision was taken in February 2002 to remove requirement of licensing of dealers as also restrictions on storage and movement of certain specified essential commodities. This decision was implemented through Central Orders dated 15.2.2002 and 16.6.2003.

### **ACTION TAKEN TO CHECK RECENT RISE IN PRICE OF ESSENTIAL COMMODITIES**

- 4.8 In the context of recent rise in prices of some essential commodities there has been wide spread concern from various corners for taking immediate steps to mitigate the rising trend of prices of essential commodities. Representations were received from a number of States for restoration of powers under the Essential Commodities Act, 1955 for undertaking dehoarding operations in view of the assumption that there is speculative holding back of stocks particularly of wheat and pulses in anticipation of further rise in prices. Central Govt. took a number of steps to control the price rise in essential commodities by trying to augment supply through reduction of duty level and import





of wheat on Govt. account to support the Targeted Public Distribution System (TPDS). Similarly, the import duty level of pulses has also been reduced to zero. These actions have physically improved the supply position. The situation was further reviewed by the Govt. and it has finally been decided with the approval of the Cabinet to keep in abeyance some provisions in the central order dated 15.2.2002 for a period of six months with respect to wheat and pulses (whole and split), so as to tackle the present crisis on availability and prices of these commodities. Accordingly, the Central Govt. has issued a Central Order No. 1373(E) dated 29.8.2006 by virtue of which the words or expressions made in respect of purchase, movement, sale, supply, distribution or storage for sale in the "Removal of (Licensing requirements, Stock limits and Movement Restrictions) on Specified Foodstuffs Order, 2002" notified on 15.02.2002 have been kept in abeyance for commodities namely wheat and pulses for a period of six months from the date of issue of the order or further order, which ever is earlier. This order however would not affect the transport, distribution or disposal of wheat and pulses (whole or split) to places outside the State, nor shall

it be applicable to import of these commodities. These orders were valid upto six months, but further extended upto 31.8.2007, vide central government notification dated 27.2.2007.

- 4.9 In pursuance to the above Order dated 29.8.2006, all State Governments/UTs were requested to implement this order by issuing either a fresh control order or reviving the old control order for fixing stock limits for various categories of dealers such as millers/producers, wholesalers and retailers in respect of wheat and pulses. States/UTs have also been empowered to take effective action exercising the powers vested with / delegated to them under the Essential Commodities Act, 1955 to bring out hoarded stock of these items in the open market to ensure their availability to the common people at reasonable prices. Exercising these powers, some State Governments have fixed stock holding limits for these two commodities.

### **THE PREVENTION OF BLACKMARKETING AND MAINTENANCE OF SUPPLIES OF ESSENTIAL COMMODITIES ACT, 1980**

- 4.10 The Prevention of Blackmarketing and Maintenance of Supplies of



Essential Commodities Act, 1980 is being implemented by the State Governments / Distt. Administrations for the prevention of unethical trade practices like hoarding and Blackmarketing etc. The Act empowers the Central and State Governments to detain persons whose activities are found to be prejudicial to the maintenance of supplies of commodities essential to the community. Detentions are being made by the States/UTs in selective cases to prevent hoarding and Blackmarketing of the essential commodities. Detention orders were made in **161** cases by the State Governments during the period

from 1.1.2006 to 31.12.2006, as per details given below:

Gujarat	- 85
Tamil Nadu	- 74
Maharashtra	- 1
Orissa	- 1
<b>Total</b>	<b>161</b>

4.11 The Central Government and the State Governments also have the power to modify or revoke the detention orders. The representations made by or on behalf of the persons ordered for detention are considered and decided by the Central Government. 129 such representations were considered and decided by the Central Government during the period from 1.1.2006 to 31.12.2006.





# CHAPTER - V

## CONSUMER PROTECTION

5.1 Consumer movement is a socio-economic movement which seeks to protect the rights of consumers in relation to the goods purchased and services availed. Government has been according a very high priority to the programmes of consumer protection. The Department of Consumer Affairs being a nodal Department in the field of consumer protection has initiated a number of steps to promote a responsible and responsive consumer movement in the country. Such measures include the use of multi-media for promoting consumer awareness and encouraging consumers' involvement through efforts of Government and non-governmental organizations and others.

5.2 The main objectives of the consumer protection programme are:-

(i) To create suitable administrative and legal mechanisms which would be within the easy reach of consumers.

(ii) To involve and motivate various sections of society including consumer organizations, women and youth to participate in the programme.

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

### THE CONSUMER PROTECTION ACT, 1986

5.3 The Consumer Protection Act, 1986 (68 of 1986) is a milestone in the history of socio-economic legislation in the country. It is one of the most progressive, comprehensive and unique pieces of legislation enacted for better protecting the interest of consumers by establishing fora for settlement of consumer disputes. All the provisions of the Consumer Protection Act, 1986 came into





force with effect from 1.7.1987 throughout the country except in the State of Jammu & Kashmir. The State of Jammu & Kashmir has enacted its own legislation in this field.

- 5.4 Under the Act, a three-tier quasi-judicial consumer dispute redressal machinery was established at the National, State and District levels. These agencies are popularly known as Consumer Fora or consumer courts. These fora are mandated to provide simple, speedy and inexpensive redressal of the consumers' grievances.
- 5.5 The National Conference of the Presidents of National Commission, State Commissions and the Secretaries in-charge of Consumer Affairs in the States/UTs was

convened on 29th and 30th April, 2006 in New Delhi to deliberate on various issues/ways for improvement in the functioning of the Consumer Fora.

- 5.6 With the amendment of the Consumer Protection Rules, 1987 in February, 2005, a provision has been made in the rule which enables appointment of upto 9 members in the National Commission.
- 5.7 The Central Consumer Protection Council (CCPC), which is a recommendatory body under the Consumer Protection Act, 1986 to protect & promote the rights of the Consumers, has been restructured and its size has been reduced from 150 to 35 for its effective functioning and easy convening of its meeting.

### Landmark judgment on Consumer Protection: Educational Institutions

The National Consumer Disputes Redressal Commission in its Order dated 7.7.2006 in the case of M.S. Parul v/s Maharishi Dayanand University, Rohtak, held that a student getting admission in an institution by paying fes is a consumer and any disputes about the validity of such admission would be covered under the Consumer Protection Act. In another case {Deputy Registrar (Colleges) v/s Ruchika Jain & others} the National Commission had held that in giving admissions to students in a school/college/institutional/university, if there is any dispute with regard to the validity of such admission or illegality, irregularity committed by such institutions in giving admissions and recovering of fees, such disputes would be covered under the Consumer Protection Act, 1986.

### 'CONFONET' Project on Computerization And Computer Networking of Consumer Fora.

- 5.8 A scheme for "Computerization and Computer Networking of Consumer Fora in the country" amounting to Rs. 48.64 crores has been launched through National Informatics Centre (NIC) as a turnkey project to be implemented in three phases in three years from 2004-2005. The objective of this scheme is to provide I.T. solutions in order to achieve e-governance, transparency, efficiency of consumer fora and facilitate disposal of cases in a time bound manner. Under the scheme, NIC is to provide the necessary hardware & system softwares, to develop application software and to provide maintenance as well as necessary training to the officials of the Consumer Fora. The scheme will help in systematizing processing of various types of cases, data & generation of reports and also facilitate better administrative control.
- 5.9 This scheme would enable consumers to file their complaints online and to see the status of their cases on the website. Under the scheme, all consumer related websites i.e. those of National Commission, State Commissions and District Fora, the Department of Consumer Affairs at the Centre

as well those of States/UTs, CORE Centre, National Consumer Helpline etc. will be interlinked so that consumers can access any consumer related information from any of these websites.

#### Current Status:

- 5.10 Application Software: On the basis of detailed system study, NIC presented a prototype of case monitoring system to be standardized across the country to the Core Group. The requirement specifications were frozen through a series of Core Group meetings and the application software has been developed by NIC. A uniform application is being implemented at all District Fora in various States.
- 5.11 Hardware and Software supplies: NIC worked to finalize the minimum hardware and system software requirements at different locations viz NCDRC, 35 State Commissions and 607 District Fora and arranged for supply of required hardware to each of these locations through NIC empanelled vendors. At present computer systems and system software have been delivered to 33 State Commissions and 533 District Fora. The States have signed an MOU with Central Government and NIC to undertake all necessary steps for successful implementation of the project.





### Landmark judgment on Consumer Protection - Medical Services

The National Consumer Disputes Redressal Commission in its Order dated 7.7.2006 in Prabhat Kumar Mukherjee v/s Ruby General Hospitals & Others has held that Doctors / Hospitals cannot insist for money or fee at the time of admission when the death is knocking at the door of the patient. The Commission further held that the treatment of a patient cannot be stopped for non-payment of money once he has been admitted and the treatment started. Accordingly, the Commission directed the Respondent to pay Rs. 10 lakhs to the dependents of the diseased patient who was an accident victim was denied admission on the ground that he could not pay the fee for admission though his physical condition was such that it required immediate medical attention.

5.12 Working of consumer fora is also reviewed by the senior officers during their visits to State/UTs. Similarly, the President, National Commission also visits a number of State/UTs to monitor and discuss functioning of Consumer Fora in State/UTs.

5.13 Parliamentary Committee on Food, Civil Supplies and Public Distribution also reviewed the functioning of consumer fora and expressed concern over the disposal of cases within time-norms, pendency of cases and vacancies, non-functional consumer fora etc. in its various reports. The extracts of the reports were sent to Chief Secretaries of the States/UTs and the National Commission for taking suitable action at their end.

5.14 Direct rapport was further strengthened with the State

Secretaries and Presidents of State Commissions enabling the Department to take consumer movement forward. The progress is followed up with periodical progress reports and further discussions, either in Delhi or the concerned State. Even far flung States/UTs like Jharkhand, Karnataka, Mizoram, Tamil Nadu, Uttar Pradesh and West Bengal have been visited by senior officers of the Department.

5.15 With a view to implement the recommendations of the Parliamentary Standing Committee and to dispose the cases within stipulated time norms, the States/UTs have been requested to set up benches of their State Commissions where the pendency of cases are heavy. (National Commission has been earlier recommended 46 benches for 15 State Commissions).



5.16 As per the reports made available by the National Commission, on 21.12.2006, the total number of cases filed and disposed of in the National Commission, State Commissions and District Fora, since inception, are given below and the Statewise details are given in **Annexure-A**.

5.17 An additional office space of 2296 square feet has been allotted by the Directorate of Estates to National Commission in the eighth

floor of Janpath Bhawan in September, 2005 to facilitate setting of the fourth bench of the Commission.

5.18 Eleven cities were notified as places other than New Delhi where National Commission could hold its Circuit Benches vide S.O. No. 974(E) dated 31 August 2004. NCDRC held its Circuit Bench in Bangalore in January, 2006 and its next Circuit Bench is scheduled to be held in Chennai in January-February, 2007.

(Para 5.16)

Sl. No.	Consumer Forum	Cases filed	Disposed	Pending	%
1	National Commission	45907	33743	8564	81.34
2	State Commissions	386778	277636	109142	71.78
3	District Forums	2288814	2066372	222442	90.28
	<b>TOTAL</b>	<b>2721499</b>	<b>2360366</b>	<b>340148</b>	<b>87.50</b>

**Landmark Judgment on Consumer Protection - Insurance (i)**

The National Consumer Disputes Redressal Commission in its Order dated 3.10.2006 in case of Praveen Damani v/s Oriental Insurance Company Ltd. has held that claim cannot be repudiated to a Policy holder in a malafide manner citing a clause in the Insurance Policy as most people taking insurance Policy are unaware of the symptoms of a disease which may manifest itself later in his life causing him to suffer.





*Hon'ble Minister Shri Sharad Pawar, Shri Y.S. Bhawe, Secretary (Deptt. Of Consumer Affairs), and Hon'ble Chief Justice of India Shri K.G. Balakrishnan on the occasion of "World Consumer Rights Day" organized by National Consumer Disputes Redressal Commission in New Delhi on 15th March, 2007.*

*Picture on right also shows President, NCDRC, Hon'ble Justice (Retd.) M.B. Shah on the dias.*



*President NCDRC, Justice (Retd.) M.B. Shah addressing a Seminar of Presidents, State Consumer Disputes Redressal Commission and Secretaries In-Charge, Consumer Affairs in the States held in April 2006.*

*A view of the audience in the seminar organized by NCDRC*



**Integrated Project on Consumer Protection:-**

- 5.19 The scheme of Integrated Project on Consumer Protection envisages provision of financial assistance to States/UTs to supplement their efforts in strengthening the infrastructure of the consumer fora by filling up the critical gaps in infrastructure so that each forum is provided with the minimum facilities. To be eligible for assistance the State/UTs have to fully utilize the one time grant of 1995 released for the same purpose and furnish Utilization Certificates thereof.
- 5.20 A Committee has been constituted to consider such proposals from the eligible States/UTs under the scheme of Integrated Project on Consumer Protection. Based on the recommendation of the committee, an amount of Rs.20.34 crores have been released to 9 eligible States till 31.12.2006. The States are Andhra Pradesh, Madhya Pradesh, Himachal Pradesh,

Arunachal Pradesh, Sikkim, Tripura, Kerala, Mizoram and Chhattisgarh.

**Training:-**

- 5.21 Four training programmes for Presidents and Members of District Fora and Members of State Commissions were organized during 2005-06. Another four training programmes are to be scheduled during this financial year 2006-07 through IIPA. With better coordination between the Department, NCDRC, States and IIPA, each course is now better attended.
- 5.22 A new course has also been introduced for the State/District level officers dealing with Consumer Protection. This course is being held at Bureau of Indian Standards Training Institute at NOIDA.
- 5.23 Senior officers of the Department also interact with the participants of these training programmes and also make suggestions for improvement, wherever necessary.

**Landmark Judgment on Consumer Protection – Insurance (ii)**

The National Consumer Disputes Redressal Commission in its Order dated 28.11.2006 in case of LIC of India v/s Ram Singh Tanwar held that if the terms of the Insurance Policy are vague it should be interpreted for the benefit of the insured as it would serve the purpose and object of getting insurance coverage. In any case where there is any ambiguity or the terms of the Policy are capable of more than one interpretation, the interest of justice would be served if interpretation serves the benefit of the Policy Holder.



Statement of cases filed/disposed of/pending in the National Commission and State Commissions

Sl. No.	Name of State National Commission	Cases filed since inception 45907	Cases disposed of 37343	Cases Pending 8564	% of Disposal 81.34	As On 31.11.06
1	Andhra Pradesh	19382	16692	2700	86.08	31.10.06
2	A & N Islands	57	56	1	98.25	31.3.06
3	Arunachal Pradesh	38	22	16	57.89	31.10.06
4	Assam	2070	1076	994	51.74	30.9.06
5	Bihar	11393	7490	3903	65.74	30.9.06
6	Chandigarh	6129	5974	155	97.47	31.12.06
7	Chattisgarh	3569	3107	462	87.06	31.10.06
8	D & N Haveli/ Daman & Diu	16	16	0	100.00	30.11.06
10	Delhi	25532	23467	2065	91.91	30.11.06
11	Goa	1790	1604	186	89.61	30.11.06
12	Gujrat	24178	20477	3701	84.69	31.8.06
13	Haryana	31161	17830	13321	57.24	30.11.06
14	Himachal Pradesh	4890	4268	622	87.28	31.10.06
15	Jammu & Kashmir	5020	4339	681	87.28	30.9.06
16	Jharkhand	607	316	291	52.06	31.10.06
17	Karnataka	21278	20132	1146	94.61	30.11.06
18	Kerala	20481	16407	4074	80.11	30.11.06
19	Lakshadweep	12	12	0	100.00	31.12.06
20	Madhya Pradesh	24560	22216	2344	90.46	31.10.06
21	Maharashtra	34988	19819	15169	56.73	30.10.06
22	Manipur	47	20	27	42.55	30.6.06
23	Meghalaya	145	125	20	86.21	30.6.06
24	Mizoram	110	927	18	93.64	30.10.06
25	Nagaland	160	128	32	80.00	31.9.06
26	Orissa	15433	8509	6922	55.14	30.11.06
27	Puducherry	796	775	21	97.3	31.12.06
28	Punjab	17551	12767	4884	72.33	31.11.06
29	Rajasthan	35994	28244	7750	78.47	30.11.06
30	Sikkim	30	26	4	86.67	31.10.06
31	Tamilnadu	18200	15440	2760	84.84	30.10.06
32	Tripura	948	881	67	92.93	31.10.06
33	Uttar Pradesh	48129	14788	33341	30.73	30.11.06
34	Uttaranchal	2630	2154	476	81.90	31.10.06
35	West Bengal	9693	8955	738	92.39	31.10.06
	<b>TOTAL</b>	<b>386778</b>	<b>277636</b>	<b>109142</b>	<b>71.78</b>	

District Forums

Sl. No.	Name of State	Cases filed since inception	Cases disposed of	Cases Pending	% of Disposal	As On
1	Andhra Pradesh	158133	153808	4325	97.26	31.10.06
2	A & N Islands	330	301	29	91.21	31.3.06
3	Arunachal Pradesh	263	232	31	88.21	31.10.06
4	Assam	10094	9152	942	90.67	30.6.06
5	Bihar	62127	51700	10427	83.22	31.10.06
6	Chandigarh	24613	24103	510	97.93	30.11.06
7	Chattisgarh	23297	21107	2190	90.60	30.9.06
8	D & N Haveli/	0	0	0	100%	30.9.06
9	Daman & Diu	125	104	21	83.20	30.11.06
10	Delhi	167755	156774	10981	93.36	30.11.06
11	Goa	5253	4372	881	83.23	30.11.06
12	Gujrat	114522	96187	18335	83.99	31.8.06
13	Haryana	152147	134486	18198	88.38	30.11.06
14	Himachal Pradesh	43355	40330	3025	93.04	31.10.06
15	Jammu & Kashmir	19239	16749	2490	87.06	30.6.06
16	Jharkhand	4001	1586	2415	39.64	31.10.06
17	Karnataka	96514	93532	2982	96.91	30.11.06
18	Kerala	149511	141424	8087	94.57	31.12.06
19	Lakshadweep	52	52	0	100.00	31.10.06
20	Madhya Pradesh	106915	100197	6718	93.72	31.10.06
21	Maharashtra	176364	160791	15573	91.17	31.10.06
22	Manipur	916	881	35	96.18	30.6.06
23	Meghalaya	456	390	66	86.00	30.9.06
24	Mizoram	2065	2005	60	97.09	30.9.06
25	Nagaland	246	205	41	83.33	30.9.06
26	Orissa	65423	61654	3769	94.24	31.10.06
27	Puducherry	2354	2289	65	97.23	31.12.06
28	Punjab	98789	93298	5491	94.44	30.11.06
29	Rajasthan	230916	217669	13247	94.26	30.11.06
30	Sikkim	191	183	8	95.81	31.10.06
31	Tamilnadu	80403	73298	7105	91.32	31.10.06
32	Tripura	1729	1487	242	86.00	30.6.06
33	Uttar Pradesh	406003	326894	79109	80.52	30.11.06
34	Uttaranchal	27553	25356	2197	92.03	31.10.06
35	West Bengal	58729	55367	3362	94.28	31.10.06
	<b>TOTAL</b>	<b>2288814</b>	<b>2066372</b>	<b>222442</b>	<b>90.28</b>	





## Consumer Welfare Fund

5.24 In 1991, the Central Government amended the Central Excise and Salt Act, 1944 to create a Consumer Welfare Fund. The Fund has been set up by the Department of Revenue and is being operated by the Department of Consumer Affairs. The money, which is not refundable to manufacturers, is credited to the Fund. The main objective of the fund is to provide financial assistance to promote and protect the welfare of the consumers, generate consumer awareness and strengthen consumer movement in the country, particularly in rural areas. So far, a sum of about Rs.134.36 crores has accrued to the fund and an expenditure of Rs.38.05 crores has been incurred.

## Setting up of Consumer Clubs in Schools / Colleges

5.25 This scheme was launched in 2002, according to which a consumer club would be set up in each Middle/High/Higher Secondary School/College affiliated to a government recognized Board/University. A grant of Rs.10,000/- per consumer club is admissible under this scheme. This scheme has been decentralized and transferred to the State/UT Governments with effect from 1st

April 2004. So far, 7246 consumer clubs have been sanctioned in the States of Andhra Pradesh, Tripura, Maharashtra, Gujarat, Orissa, Rajasthan, Karnataka, Tamilnadu, Jammu & Kashmir, Haryana, NCT of Delhi (through VCOs), Punjab, Sikkim, Lakshadweep, Himachal Pradesh and Arunachal Pradesh. The States of Andhra Pradesh, Karnataka, Tamilnadu and Rajasthan have set up consumer clubs in the second phase also by availing assistance from this Department.

## Scheme for promoting involvement of Research Institutions/Universities/Colleges etc, in Consumer Protection and Consumer Welfare

5.26 This scheme has been launched in 2004 with a view to sponsor research and evaluation studies in the field of consumer welfare to provide solution to the practical problems being faced by the consumers, to sponsor seminars/workshops/conferences on the consumer related topics, and to have necessary inputs for the formulation of policy/programme/scheme for protection and welfare of the consumers. The Indian Institute of Public Administration, New Delhi, has been identified as the nodal organization to

administer the scheme. A total grant of Rs. 180.13 lakhs have been sanctioned to 146 applicant organizations and institutions so far.

### National Consumer Helpline

5.27 The Department has sanctioned a National Consumer Helpline project in coordination with Delhi University, Department of Commerce, at an approved cost of Rs.3.12 crores. Consumers from all over the country can dial toll-free number 1800-11-4000 and seek telephonic counseling for problems that they face as consumers. The Helpline intends

to deal with problems related to telecom, courier, banking, insurance, financial services etc. The Helpline has been formally launched on 15th March 2005, i.e., World Consumer Rights Day. On an average 4000 calls are received every month by the NCH from more than 30 States and UTs.

5.28 From the monthly reports received in the Department it is seen that 34,210 calls have been received in the Helpline from April 2006 to 31st December, 2006, from 28 States/UTs across the country. So far, a sum of Rs. 156.39 lakhs has been released for this project.



*Shri Yashwant Bhawe Secretary (Deptt. Of Consumer Affairs) lighting the lamp on National Consumer Day, 2006*





*Discussion Session on National Consumer Day, 2006*

*Shri Yashwant Bhawe Secretary (Deptt. Of Consumer Affairs) and Shri Saroj K. Poddar, President FICCI on National Consumer Day, 2006*



*Smt. Rinchen Tempo, Joint Secretary (Deptt. Of Consumer Affairs) & representatives of FICCI signing an MoU.*



*Shri Yashwant Bhawe Secretary (Deptt. Of Consumer Affairs) and Shri N. Mishra, Chairman TRAI releasing the Calendar on National Consumer Day, 2006*





*Nukkad Natak Performed by one of the team of College Students on National Consumer Day 2006 at IIPA*

## CORE Centre

5.29 A Consumer Online Research and Empowerment (CORE) Centre has been set up in collaboration with Consumer Coordination Council (CCC) through signing of an MoU, at a total approved cost of Rs.3.50 crores. The CORE Centre is intended to provide the most scientific and effective system of collection and dissemination of consumer related information to generate consumer awareness and empowerment of all

sections of the society. An amount of Rs.129.80 lakhs have been released so far, in two installments.

### Highlights of the Core Centre:

- 1) Over 51 Lac hits received from 50 countries across the globe to [www.core.nic.in](http://www.core.nic.in) till date
- 2) Over 17 Lac Requests
- 3) Over 3.7 Lac visits
- 4) 15400 Subscribers of CORE Centre E-Newsletter
- 5) Over 20 Thousand Complaints received from 15th March 2005 to 31st December 2006 from all parts of India as also from abroad
- 6) Total 2920 complaints (14% of all complaints handled) were resolved by CORE Centre from 15th March 2005 to 31st December 2006
- 7) For December 2006 151,233 hits, 141,334 Pages viewed, 30,039 visits respectively
- 8) Top 11 most popular Search Engines are able to identify key words relating to CORE Centre

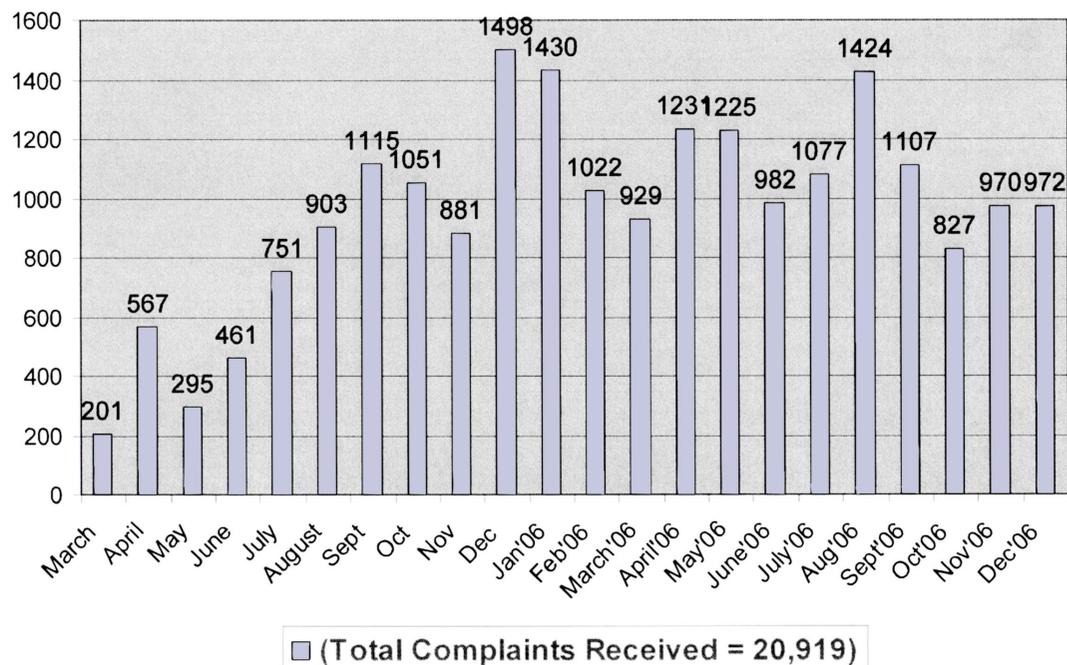
### Success Stories of CORE Centre.

**Shri Dharam Prakash**, 13/A, Opposite Old Post Office, S.T. Nagar, Hyderabad (A.P.) tried to withdraw Rs.4000 through his ATM Card of Standard Chartered Bank but could get only Rs.1000. He complained to bank but to no avail, as the bank insisted that their system was beyond reproach. They indirectly questioned the veracity of the complainant's statement. Shri Dharam Prakash filed a complaint with CORE on November 10, 2006. The issue was taken up with bank authorities, who conceded the demand of the complainant and made good the shortfall and transaction money of Rs.3000 was credited in the account of complainant on January 4, 2007. All this was done by CORE at no cost to the aggrieved party.





Month Wise Distribution of Complaints (From 15th March '05 to 31st Dec '06)



Comparative analysis of the complaints received from 15th March 2005 to 31st Dec 2006.

**Online Registration & Redressal of Complaints is one of the major day-to-day activities of the CORE Centre.**

The following procedure is followed in dealing with Complaints registered on the website directly and received by email, as also written complaints.

Stage # 1: Acknowledgement is sent immediately to the Complainant and the complaints are sorted according to sectors, such as services, white goods etc. and sent to designate Complaint Managers.

Stage # 2: If the Grievance/Complaint is still not redressed, a final letter is written to the Opposite Party, mentioning that

their name will be included in a List titled "Beware of such Organizations", maintained by the CORE Centre and posted on the Website. This is now being changed with the introduction of new system and should come into operation by February 07.

Figure above shows the comparative picture of complaints received by CORE Centre from 15th March 2005 to 31st December 2006. As will be seen there from, though there has been a steady increase in the number of complaints received from 15th March 2005 onwards, there are small variations in the numbers in between the months. This reflects the impact of advertisements being issued by this Department.

**Success Stories of CORE Centre.**

**Wg. Comdr. S. Tandon**, CO Tetra School, OMQ150/2, New Project, Air Force Station, Gorakhpur (U.P.) was highly perturbed as M/s Samsung India Electronics Ltd was not making delivery of Printer even after full payment was made to the Company. He was running from pillar to post to get the delivery of the equipment which he needed badly. Numerous complaints were made by the complainant to the Samsung company office of Delhi & Lucknow and even through telephones & emails. There was no response. He then heard about CORE Centre and its activities and filed his complaint on August 27, 2006. The CORE Centre took the matter with the Company and the complainant received the Printer immediately. The complainant happily acknowledged that his problem has been solved and expressed his gratitude to the CORE Centre through a letter dated November 8, 2006.

**Subject wise Break-up of Complaints Received From  
15th March 2005 to 31st Dec 2006**

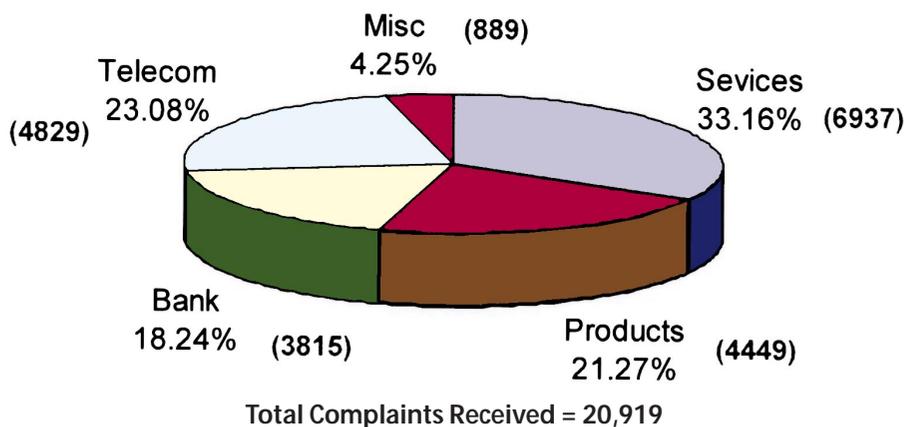


Figure above shows the subject wise breakup of the total complaints received from 15th March, 2005 to 31st December, 2006

**Success Stories of CORE Centre.**

**Shri Sanjay Dewan**, EC-17, Maya Enclave, New Delhi, applied for a plot and deposited Rs. 7,50,000 on April 19, 2006. Even after surrendering the registration the Real Estate Company, New Delhi did not return his money. When contacted company officials assured him refund of amount and he was asked to contact persons from one table to another. Ultimately, the Complainant was advised to approach the CORE Centre and register his complaint on December 12, 2006. Mediation process started between CORE and the company, because of which complainant received his deposited amount back, without having to go to a Consumer Forum. The complainant sent letter of thanks to CORE Centre on January 6, 2007.





## Comparative Products Testing Laboratory

5.30 VOICE Society, New Delhi, has been sanctioned a project for Comparative Testing of Consumer Products with the objective of ensuring product quality and safety. The Society has executed an MoU with the Department. The total approved cost of the project is Rs.2.25 crores, initially for a period of two years. A sum of Rs.175.30 lakhs have been released so far, in three installments. Under this project 10 products and 2 services have been tested during the first year and the reports have been published. Testing of fourteen products of two services for second year is under process.

## Creation of Consumer Welfare Funds in States and Union Territories

5.31 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 further been enhanced to 90:10 in

the case of 13 special category States as per decision taken in the 39th CWF Standing Committee meeting. So far, the State level Consumer Welfare Fund have been created in the States of Andhra Pradesh, West Bengal, Gujarat, Rajasthan, Orissa, Karnataka, Tripura, Sikkim, Maharashtra, Punjab, Uttar Pradesh, Jammu & Kashmir, Arunachal Pradesh, Goa, Haryana, Mizoram, Uttaranchal, Chhattisgarh and Tamilnadu. An amount of Rs. 75 lakhs have been sanctioned till October 2006, during 2006-07.

## DEVELOPMENTS DURING THE YEAR

5.32 As part of new initiatives to enhance the levels and reach of consumer protection and welfare activities, the Department has considered and approved a project by FICCI, New Delhi titled 'FICCI Alliance for Consumer Care'. The objective of the venture is to facilitate expeditious settlement of consumer grievances concerning manufactured items and services, provided by different public and private utilities and industries.

## CONSUMER GRIEVANCE REDRESSAL CELL

5.33 The Department has been receiving a large number of

complaints from consumers relating to shortfall in the supplies/ expectations, deficiency in services which covers complaints/ grievances regarding (i) supply of defective household appliances including automobiles; (ii) T.V. sets, poor construction materials; (iii) Non-refund of fixed deposit amounts; (iv) non-realization of dividend from companies. The Department, therefore, decided on 13.02.2002 to set up Consumer Grievance Redressal (CGRC) Cell for providing services for Redressal of the complaints of the Consumers.

5.34 The Cell had received a large number of complaints covering all over the country. All these complaints are forwarded to the Consumer Coordination Council for Redressal. The Cell itself is attending to the complaints of the important nature with the concerned manufacturers/ authorities/ Departments for their Redressal at the earliest. The Cell and Consumer Coordination Council forward the complaints to the concerned authorities to get their Redressal. However, the Consumer or the concerned organizations/firms have the option to go to the District Forum, State Commission or the National Consumer Disputes Redressal Commission as the case may be, to get Redressal as per law.

### National Cooperative Consumers' Federation of India Ltd. (NCCF)

5.35 The NCCF is the National level Consumer Cooperative organization in the country. The NCCF was set up on 16th October 1965 and is administered under the Multi State Cooperative Societies Act. The affairs of NCCF are managed by a Board of Directors, comprising both elected and nominated members as per the provisions of the Bye-laws of the NCCF.

5.36 The commercial operations of the NCCF are handled at the headquarter level at New Delhi and its 34 Branches/sub-branches located in the State Capitals and other important centers in the country. The NCCF runs one Pulses Processing Unit at Bhiwani (Haryana).

5.37 The total paid up share capital of the NCCF as on 31.03.2006 is Rs. 13.79 crores. This amount has been contributed by the members, out of which the contribution of the Government of India is Rs. 10.74 crores only. The Govt. of India now holds about 78% of the total paid up share capital in the NCCF.

5.38 The NCCF provides linkage between the producers/ manufacturers and the wholesalers/retailers and the





consumers. It is primarily engaged in the wholesale distributive trade. The NCCF is involved in procurement and marketing of various consumer goods like pulses of different varieties, food grains, textiles, tea and other manufactured items in bulk. It has also made arrangements for supply of items like different varieties of pulses, iodized salt, tea in consumer packs, toilet soap, detergent powder etc. all over the country. The Government has entrusted distribution of coal to tiny and small consumers in the country through the selected Branches of the NCCF.

- 5.39 The details of the turnover of the NCCF as also the profitability during the last three years are as under:
- 5.40 The NCCF launched a Nation-wide Scheme named "Sarvapriya" for distribution of selected items of consumer goods to benefit the common people particularly those belonging to the lower income groups and living in the rural and urban areas. NCCF also provides technical guidance and assistance in different fields of Management to the consumer cooperatives with

a view to improve their commercial operations and managerial skills through its Consultancy & Promotional Cell (CPC), which has now been re-named as Research & Development Wing (R&D Wing) of the NCCF.

### SUPER BAZAR - DELHI

5.41 The Cooperative Store Ltd., popularly known as Super Bazaar, was registered under the Multi-State Cooperative Societies (MSCS) Act 1984 with its area of operation being the entire country. The Super Bazaar had a membership of 40020. The total paid up share capital, as on 31.03.2006 was Rs. 159.03 lakhs of which Govt. of India's contribution was Rs. 116.49 lakhs i.e. 70%. The Super Bazaar had been redeeming the share capital contribution of the GOI and repaying the installments of loan as per the agreed term till 1995-96. Super Bazaar, started incurring losses from 1996-97 onward and in subsequent years loss continued to mount with reducing turnover. The Central Registrar of Cooperative Societies issued order for the winding up of Super Bazaar on 5th

(Para 5.39) (Rs. In crores)

Category	2003-04 (Audited)	2004-05 (Audited)	2005-06 (Audited)
Sales	629.81	695.12	638.15
Profit before tax	10.07	11.42	6.32
Profit after tax	7.31	8.02	4.12

July, 2002 and the Liquidator was appointed on 25.7.2002. The Employees Union filed a number of writ petitions in Delhi High Court challenging the winding up of Super Bazar. These petitions were dismissed on 19.03.2004.

- 5.42 The Super Bazaar Dalit Karmachari Sangh filed Special Leave Petition No.8398/2005 in the Supreme Court. The Supreme Court in its order-dated 28.2.2006 had observed that professional management of the Super Bazaar is absolutely essential. With a view to explore the possibility of having an arrangement under which the management of the Super Bazaar may be entrusted to a body of professionals, the Supreme Court constituted a Committee of Government Officials to consider all aspects of Super Bazaar. The said committee submitted its report on 29.3.2006 in the Supreme Court of India. The report of the Committee submitted to the Supreme Court does not involve any financial assistance from the Government for revival of Super Bazaar.
- 5.43 On 5.5.2006, the Supreme Court directed the Committee to issue an advertisement in two National dailies - one in English and the other in Hindi within two weeks from 5.5.2006. In compliance of the Court order, a notice for inviting bids to start Super Bazaar afresh

was published on 19.5.2006 in two National dailies namely, The Times of India (English) and Hindustan (Hindi) in all editions. M/s Reliance Industries Ltd. and Indian Labour Cooperative Society with Indian Potash Ltd. had submitted their bids. These bids were opened by the Committee on 8.6.2006 in the presence of the representatives of M/s Reliance Industries Ltd and Indian Potash Ltd and Chairman Indian Labour Cooperative Society. The Evaluation Report of the Committee was submitted in the Supreme Court on 4.7.2006. After considering the Evaluation Report of the Committee, the Supreme Court on 26.7.2006 inter-alia observed that "Counsel for the parties state that they will consider the provisions of the Act and put in writing their proposals regarding the manner which the object can be achieved, either by amending the bye-laws or by appropriate directions issued by the Registrar of Cooperative Societies under the Act, or in any other manner".

- 5.44 In the hearing held on 20.2.2007, the Supreme Court has directed the Government of India to file its response within 10 days stating whether the Government is inclined to consider the amendment of the Act. If it is inclined to consider amendment of the Act the Supreme Court will give





sufficient time to the Union of India to do so but, in case, the Government is not inclined to amend the Act then the Supreme Court proceed with the matter. In this regard, the Central Registrar of

Cooperative Societies, Department of Agriculture and Cooperation, is filing an affidavit in the Supreme Court. The next date of hearing of the case in the Supreme Court is 15.3.2007.

## CHAPTER - VI

### PUBLICITY CAMPAIGN FOR CREATING CONSUMER AWARENESS

- 6.1 It is now universally accepted that the consumer has a right to be provided with all relevant information for him to avoid exploitation and to make a considered choice in availing of products and services from the market. The guidelines adopted by the United Nations General Assembly in 1985 for consumer protection (as expanded in 1999) lays down that Government should develop or maintain a strong consumer protection policy taking into account the guidelines laid down by the UN as well as relevant international agreements with the objective of *inter alia* facilitating access of consumers to adequate information to enable them to make informed choices and consumer education, including education on the environmental, social and economic impacts of consumer choice.
- 6.2 Though the consumer movement is slowly gaining ground in our country, it is still in its infancy as the success of consumer movement mainly depends upon the level of consumer

awareness generated in the country by educating the consumers about their rights and responsibilities. Within India the level of consumer awareness varies from State to State depending upon the level of literacy and the social awareness of the people. Educating more than 100 crores people of various categories of population particularly those in rural areas where consumers are more susceptible to exploitation, on various subject matters on consumer interests is a herculean task that can not be undertaken only as a sustained national programme with adequate funds made being available for the purpose.

Central Plan Scheme on consumer awareness was launched in the 10<sup>th</sup> Five Year Plan with a total outlay of Rs.15 crores with annual average allocation of around Rs.3 crores during the first three years of the plan. However, following persistent representations from consumer groups to step up our efforts on consumer awareness in the country and the strong recommendation of the





### IMPACT OF NATIONAL CONSUMER HELPLINE SECTOR : AUTOMOBILE

Shri Shailesh Chawla of Delhi had purchased a Tata Indica No. DLX-DL3CU9360 on 9<sup>th</sup> February, 2004 from the dealer.

In the very first week of the purchase, the power steering of his car broke down. The car suffering from high emission and low pick-up. Fuel Injection Pump (FIP) was replaced in May, 2004. The car was overhauled successively three times and in June, 2006 Engine Valve Guide seats were replaced. In spite of all the efforts, the problem persisted.

It was seen that the problem which could occur after the mileage of 1.8 lakh K.M., had crept in after covering a mileage of 37,253 K.M. only. No fruitful action was taken either by Dealer or the Regional customer care unit of Tata Motors. It was feared by Shri Chawla that the car had been sold with refurbished/ reconditioned engine. Desperate, he contacted National Consumer Helpline.

Under their advice and guidance, Shri Chawla was able to get his complaint redressed within a fortnight and his engine assembly was replaced immediately.

Department related Parliamentary Standing Committee, the outlay for the remaining two years of the 10<sup>th</sup> Plan i.e 2006-07 was stepped upto Rs.69.40 crores each year by the Planning Commission for creating consumer awareness.

#### 6.3 Strategic Action Plan to achieve the objectives

The Division has got a detailed media project report on the consumer awareness campaign prepared through a leading agency. Media strategies have been worked out targeting urban

and rural population identifying thrust areas in each sector.

For urban consumer, T.V. and print media has been proposed to act as the lead media followed by radio, cinema and also outdoor activities with innovative use of petrol pumps, railway stations, Post Offices as communication channels to take across the consumer awareness campaign.

In respect of rural areas media strategies are conceived taking into consideration the need to go beyond consumer awareness campaign beyond literacy including establishing one to one



communication and penetration through mobile van campaign, folk, haat campaign, wall paintings etc. Other media details such as T.V., radio have also been extensively used to reach the consumer in remote and far-flung areas.

#### 6.4 North East Region

Keeping in view the uniqueness of this region and also considering the fact that media strategies

conceived for rest of the country would not have as large an impact in the North East region due to its distinct culture, customs and life style, an innovative medium i.e. reaching through music had been conceptualized. Fourteen Musical concerts were organized during March 2006 in these States at various places to involve the local population and disseminate the message of consumer awareness.



*Musical concerts were organized during March 2006 in the North-Eastern States at fourteen different places to involve the local population and disseminate the message of consumer awareness.*





## 6.5 Impact Study on Publicity Campaign:

All activities visualized for creating consumer awareness through print and electronic Media are being scrutinized beforehand by the inter-ministerial media committee constituted for the purpose for taking into consideration the possible impact of each programme on the targeted consumer.

### *Monitoring by the Media Committee*

The media committee, through regular meetings, has been monitoring the awareness campaign. All related issues such as choice of creatives, contents of serials, video spots, radio spots, jingles are examined by the media committee. Feedback received from National Consumer Helpline and CORE projects indicates the concurrent impact of awareness campaign.

### *Feedback from NCH/CORE*

Awareness campaign initiated through print has its direct impact on the number of calls and queries received by the National Consumer Helpline and by CORE project respectively. There is a direct link between a particular issue tackled through advertisements in the newspapers and number of queries received from people. It indicates a possible impact of these advertisements on the people. There is a string of letters, e-mails from the consumers reacting to the consumer information disseminated through advertisements in newspapers. An amount of increasing receipt of mails indicates emergence of an alert consumer.

### *Impact Survey by SNTD University, Bombay*

An impact survey of consumer awareness campaign of the Department through print media had earlier been conducted by the Department of Post Graduate Studies and Research in Human Science, SNTD University Bombay during January, 2005 and it was found that 66% of the consumers interviewed by the research team had found the advertisements useful.

### *ORG MARG Survey (2005) & IIMC Survey 2006*

During July 2005, Comptroller and Auditor General of India had a Performance audit done through ORG-MARG on the implementation of the Consumer Protection Act and Rules



and consumer awareness. This study had included 27 states, 138 districts and 1640 villages. The report had indicated that awareness level on consumer rights was 33% and on Consumer Protection Act 18%. Awareness about existence of redressal agency was found to be 13% only and perception about effectiveness of redressal mechanism was that it was simple but not speedy and economical. Electronic media had emerged as major source of awareness (75%) followed by print and NGO.

This was followed up by a survey on consumer awareness conducted by this Department in July – August, 2006 through IIMC in 12 states i.e. Madhya Pradesh, Maharashtra, West Bengal, Orissa, Tamil Nadu, Karnataka, Rajasthan, Gujarat, Uttaranchal, Delhi, Assam & Meghalaya, covering 36 districts and 144 villages. The survey has reflected an encouraging picture. As per the study, 62.56% respondents from both rural and urban areas of the 12 selected States have been found to be aware of the campaign. It has also revealed that 82.8% out of those unaware of the campaign have felt that there was need for such campaigns. The rural respondents (58.9%) were more in favour of educating masses about consumer rights than the respondents in urban areas (23.9%).

Major source of awareness has been Electronic media (80.5%) followed by print and radio.

*Suggestions/  
recommendations of  
CAG (ORG-MARG) and  
IIMC Survey*

CAG survey report recommended increased involvement of NGO and VCOs in promoting awareness of the consumer protection measures among the consumers by introducing specific schemes of financial and other support. At the same time it was stated that accountability of the NGOs/ VCOs, has to be ensured. In the IIMC survey report, TV, radio and newspaper have emerged preferred channel of communication. The NGOs' consumer awareness activities have been found to be confined to the urban sector only. These have not reached the rural masses. It is hence suggested that a combined approach for Information Education Communication (IEC) campaign for consumer





awareness need to be focused and may be planned out in future. It is added in the report that during the survey, there had been suggestions from various states in favour of door to door campaigning, distribution of publicity material, putting up boards and posters in their localities. Combination of aired and telecast message along with traditional and door to door campaigning in the line of pulse polio and HIV – AIDS, which has large impact on the common masses was also suggested. Hence, the introduction of IEC for such campaign can be a good strategic initiative and intervention.

The position as emerged from the survey has been taken note of and the Media Plan on consumer awareness campaign would address all these issues to improve the campaign.

#### 6.6 ON GOING PUBLICITY ACTIVITIES : 2006 - 2007

Generating consumer awareness is the key for the success of consumer movement in the country. In order to ensure that the message of

1. **News Paper Advertisements:** To educate the consumers about their rights and responsibilities, the Department has been releasing small advertisements through DAVP repeatedly in National

#### SECTOR : TELECOM

Shri Kamal Dar of Uttam Nagar, New Delhi had taken Idea Cellular connection with the scheme of getting two free watches with a new connection of Rs. 500/-. But the Company did not provide it. National Consumer Helpline advised him to get in touch with the Nodal officer of Idea Cellular Company. The representative of the company personally came to the complainant's residence to deliver Sim Card with two free watches.

consumer protection reaches every citizen of the country, the Department has taken-up various activities to generate consumer awareness.

dailies/ regional newspapers in local languages in accordance with the New Advertisement Policy of the DAVP.



## IMPACT OF NATIONAL CONSUMER HELP LINE Sector – Electricity

**Shri Pradyumn Giri** of Mayurbhanj (Orissa) had complained against Orissa Power Generation Corporation Ltd. as the transformer of the area had got burnt two months back. But no action was being taken despite repeated complaints to local office of electricity department. Shri Giri was advised by NCH to write a letter to the Nodal Officer of Orissa Power Generation Corporation Ltd. His grievance was redressed. The transformer was replaced in a short span of time.

## Sector – Passport

**Shri Praveen Chajed**, Ratlam (M.P.) had applied in the Ratlam Division for issuing of Passport in December, 2005 but despite the passage of more than six months he did not get it. He was advised by NCH to write to the Passport Division of the Central Government. He got his passport within a month.





Look for BIS Hallmark  
before you buy - here is the reason why...

90%

of Non-Hallmarked jewellery failed  
the purity test !!!



Survey report :

Particulars	Nos. / %
Gold Articles for Market survey	162
Gold Articles (Percentage passed)	16 (9.88%)
Gold Articles (Percentage failed)	146 (90.12%)

Place	No. of samples Collected from each Place	No. of samples passed	Shortage of Purity (In Percentage) upto
New Delhi	10	0	25.81
Chandigarh	10	0	18.71
Gurgaon	10	4	18.80
Jammu	10	1	21.68
<b>Total</b>	<b>40</b>	<b>5</b>	

In a recent market survey on non-Hallmarked gold Jewellery in 16 cities more than 90 percent of Jewellery failed the purity test. In some cases shortage in purity was upto 45 percent.

It is wise to look for BIS  Hallmark on Jewellery  
to ensure value for money.

Number Denominating Gold Purity for :

<b>958</b> 23 Carat	<b>916</b> 22 Carat	<b>875</b> 21 Carat	<b>750</b> 18 Carat	<b>585</b> 14 Carat	<b>375</b> 9 Carat
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For more information on BIS Hallmark E-mail : [cmd4@bis.org.in](mailto:cmd4@bis.org.in), Website : [www.bis.org.in](http://www.bis.org.in)

For all your consumer related information & guidance :  
Call toll free National Consumer Helpline No. 1800-11-4000  
(From BSNL/MTNL lines between 9.30 a.m. to 5.30 p.m.)  
log on to [www.core.nic.in](http://www.core.nic.in), or write to P.O. Box 3306  
New Delhi - 14 for consumer information,

An initiative by the Ministry of Consumer Affairs,  
Food and Public Distribution,  
Department of Consumer Affairs,  
Govt. of India  
log on to [www.fcamin.nic.in](http://www.fcamin.nic.in)

deavp/2006/831



If you are looking for purity...



...look for BIS  Hallmarked Jewellery

Before buying Jewellery, use a Magnifying Glass to check the BIS  Hallmark and the number corresponding to the purity of Gold.

Number Denominating Gold Purity for :

<b>958</b> 23 Carat	<b>916</b> 22 Carat	<b>875</b> 21 Carat	<b>750</b> 18 Carat	<b>585</b> 14 Carat	<b>375</b> 9 Carat
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For more information on BIS Hallmark E-mail : [cmd4@bis.org.in](mailto:cmd4@bis.org.in), Website : [www.bis.org.in](http://www.bis.org.in)

For all your consumer related information & guidance :  
Call toll free National Consumer Helpline No. 1800-11-4000 (From BSNL/MTNL lines between 9.30 a.m. to 5.30 p.m.), log on to [www.core.nic.in](http://www.core.nic.in), or write to P.O. Box 3306, New Delhi - 14 for consumer information.

An initiative by the Ministry of Consumer Affairs, Food and Public Distribution, Department of Consumer Affairs, Govt. of India log on to [www.fcamin.nic.in](http://www.fcamin.nic.in)

davp2006/814





# WAKE UP

Soon  
Northeast will rock  
in the fight  
for consumer rights.

JAGO GRAHAK JAGO

d/w/06/06/1143

**For all your consumer related information & guidance:** Call toll free National Consumer Helpline No. **1800-11-4000**  
(From BSNL/MTNL lines between 9.30 a.m. to 5.30 p.m.),  
log on to [www.core.nic.in](http://www.core.nic.in), or write to **P.O. Box 3306**, New Delhi-14 for consumer information.  
**An initiative by the Ministry of Consumer Affairs, Food and Public Distribution,  
Department of Consumer Affairs, Govt. of India. Log on to [www.fcamin.nic.in](http://www.fcamin.nic.in)**



2. **Telecast of Video Spots:** The Department has got produced video spots of 30 seconds duration on various consumer related issues such as Short Measurement of petrol, Redressal system, ISI and Hall Mark, MRP, which are being telecast through Doordarshan and Satellite channels such as Sony, Star Plus, Zee News, Star News, Doordarshan National Net work, kalyani, Krishi Darshan kendnars, regional channels Sun network, ETV Network, ZEETV network, Discovery, Entertainment and religious channels.
3. **Telecast of video spots in North Eastern States:** The Department has produced 6 video spots in Regional languages of North Eastern States of 20 seconds and 30 seconds duration on various consumer related issues such as M.R.P.(Maximum Retail Price) Short Measurement, Expiry date on medicine, adulteration, damaged product, Redressal system and started the telecast through Doordarshan Kendras of North Eastern States.
4. **Meghdoot Postcards:** The Department in consultation with Department of Post has started disseminating consumer

awareness messages through Meghdoot Post cards to reach far-flung rural areas including North East States.

5. **Printed Literature:** The Department has re-printed a folder entitled "Consumer Awareness Mission' containing the salient features of Consumer Protection Act 1986, Consumer Resource kit as well pocket calendars and posters for distribution during various events such as IITF, Nukkad Nataks and also through the State Governments at grass root level.

6. **Song & Drama :** The Department in consultation with Song & Drama division of Ministry of Information and Broadcasting has organized 1900 programmes in all the States/ UT to create awareness at grass root level.



*Campaign on Consumer Awareness by Song & Drama Division in collaboration with this Department in Tamil Nadu*







from 14th to 27th November 2006. Updated literature on the consumer movement has been distributed and consumers guided on how to file complaints on line.



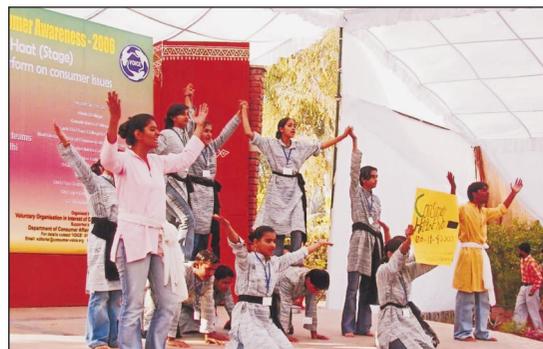
*A view of the different stalls relating to this Department at India International Trade Fair during November, 2006*

10. **Nukkad Nataks :** To spread the consumer movement among youths the Department organized a youth festival on consumer awards during November 2006, in which 12 Delhi colleges participated. The Fine Arts clubs of colleges adopted various consumer themes in their dramas such as misleading advertisement, spurious goods, expired medicines, Maximum Retail Price, salient features of Consumer Protection Act 1986, popularizing National Consumer Help Line, Core web site etc and the best 3 teams were given awards to encourage youth

to be associated with consumer related activities.



*Youth Festival on Consumer Awareness - 2006 at Dilli Haat - Nukkad Natak performed by College Students on Consumer Issues.*



*Youth Festival on Consumer Awareness - 2006 at Dilli Haat - Scene of Nukkad Natak performed by College Students on Consumer Issues.*

11. **Use of Sports Events :** In order to reach maximum number of consumers, the Department has telecast video spots containing consumer related information during popular sports events such as World Cup Soccer and cricket matches.





### Sector - Banking

Shri Ravi Khandelwal of Shakarpur, New Delhi was using credit card of HDFC Bank for the past three years. In August, 2005 he was charged with some insurance for which he had not asked. He applied for ADD-ON card. He was given to understand that this card was free as at the time of applying for the card. He was, however, charged with annual fee for the card. In November, 2005 he requested for cancellation of main card and was prepared to give the balance in EMI as scheduled. But Bank cancelled the card and pre-closure was done for loan without informing him. Bank didn't reverse the charges for 'add on card' and also other financial charges.

Through advice from National Consumer Helpline, Shri Khandelwal's complaint of a two year problem was resolved within 15 days.

# CHAPTER - VII

## FORWARD MARKETS COMMISSION

7.1 The Forward Markets Commission (FMC) is a statutory body set up under the Forward Contracts (Regulation) Act, 1952 (hereinafter referred to as the Act). It functions under the administrative control of the Ministry of Consumer Affairs, Food & Public Distributions; Dept. of Consumer Affairs, Govt. of India.

7.2 FMC at present comprises of Shri S. Sundarshan, IAS Chairman and other three members viz. Smt. Rinchen Tempo, IAS, Dr. Kewal Ram, IES, and Shri Rajeev Agarwal, IRS. It has its headquarters at Mumbai and a regional Office at Kolkatta.

**Under the Act the Commission has the following functions:-**

- (a) to advise the Central Government in respect of the recognition of or the withdrawal of recognition from any association or in respect of any other matter arising out of the administration of this Act:
- (b) to keep forward markets under observation and to take such action in relation to them as it may consider necessary in exercise of the powers assigned to it by or under this Act:

(c) to collect and whenever the Commission thinks it necessary publish information regarding the trading conditions in respect of goods to which any of the provisions of this Act is made applicable, including information regarding supply, demand and prices, and to submit to the Central Government periodical reports on the operation of this Act, and on the working of forward markets relating to such goods.

(d) to make recommendations generally with a view to improving the organization and the working of forward markets.

(e) to undertake the inspection of the accounts and other documents of any recognized association or registered association or any member of such association whenever it considers it necessary and,

(f) to perform such other duties and exercise such other powers as may be assigned to FMC by or under this Act or as may be prescribed.

7.3 FMC thus is a statutory authority entrusted with regulatory





functions under the Act. The sanctioned strength of the office comprises of 78 officers and 68 staff members. The functions of the Commission are carried out through 5 divisions as given below:

**I. Market Division (Division of Markets, Trading and Development)**

- New application for recognition.
- New Contracts
- Contract designs
- Byelaws, Articles of Associations (vetting in consultation with Legal Affairs)
- Trading Permissions
- Compliance matters
- Any other correspondence/ interaction with Exchanges not covered under any other division
- Policy
- Co-ordination with other country Regulators
- Participation of FIIs, Banks, MFs

**II. M & S Division (Market Intelligence, Monitoring & Surveillance)**

- Monitoring of trade data from Exchanges - large position monitoring.

- Inspection and auditing of Exchanges and members
- Risk Management Group (RMG), Margining, O.P. Limit, Special Margins, Capital adequacies.
- Complaint specific to trade/ margin/settlement prices of specific nature having direct bearing on current trade in Exchanges. (If of the nature of malfeasance, manipulation, illegal activities, then same may be referred to Investigation/ Enforcement Division)

**III. I R Division (Research, Training and Intermediary, Registration and IT)**

New projects / Developments / Regulation, Externally assisted Projects

- Plan Schemes
- Training Programmes/ Seminars/ Conferences
- Annual reports, Bulletin and other preparation of Literature on derivatives in commodities
- Media relations
- Parliamentary Standing Committee
- Coordination Committee
- Consultancies
- Warehouse Receipt System
- D.O.s (monthly, Quarterly)



- Website Content/IT matters
- Research market as well as Commodity studies - Price analysis,
- Conducting surveys, developing and maintaining database
- Matters relating to Relationship management
- (Stakeholders/client/public/universities/institutions)
- Intermediary Registration, Certification and Regulation

**IV Legal Affairs Division (Investigation, Vigilance and Legal Affairs Division)**

- Investigation, Vigilance (Enforcement and work relating thereto)
- Review legal and regulatory framework
- Amendment to Act/Rules. Framing of Rules and Regulation
- Vetting of Byelaws, articles, Regulation (to support Markets Division)
- Deal with judicial/legal proceedings
- Legal opinion-interaction with Law Ministry.
- Matters relating to Taxation
- Library

**V Administration Division (Commission Secretariat including HR, Administration, Finance and Grievances)**

- Administration (HR) Recruitment, Training (Internal)
- Establishment
- Purchase, Maintenance Contracts, Accounts
- Vigilance (Internal)
- House-Keeping and Estate management
- Records keeping and disposal
- Official Language

Each division is headed by Director/ Directors and supported by Deputy Directors, Assistant Directors, Economic Officers etc.

7.4 FMC has a Hindi Cell comprising of one Hindi Officer, one Hindi Translator and one Hindi typist to implement the provisions of the Official Language Act. FMC observed the Hindi Fortnight program from 14th September to 30th September, 2006 and various competitions were organized during this period as a part of the celebrations. The main function of Hindi Day celebration was held on 14th September, 2006. An in-house Hindi magazine viz. 'VAYADA BHARATI' is being published.





**7.5 OVERALL PERFORMANCE OF THE FORWARD MARKETS COMMISSION FOR 2006-2007 IN ACHIEVING ITS OBJECTIVE AND SPECIFIED TARGET AND THE OUTLOOK FOR 2007-2008 IN TERMS OF THE BROAD PHYSICAL DIMENSION AND FINANCIAL OUTLAYS.**

1. As referred to in paragraph 7.2 above, the regulatory activities of the Commission are concerned with the regulation of futures trading in all Commodities traded at present. To enforce the provisions the Act, FMC guides and trains the officers of the State Governments and the Union Territories in effectively enforcing the penal provision of the Act. The powers of search, seizure etc., are vested in the State Police authorities. The activities of FMC in enforcement include (i) collection of intelligence about illegal forward trading, (ii) communication of such information to the police, requesting them to verify, and carry out raids etc., (iii) to assist police in organizing raids and wherever possible accompany them for raids, (iv) to scrutinize documents seized during raids and prepare scrutiny reports which involve interpretation of different entries and their collation together with reference to legal provisions; and (v) to tender evidence in Courts of Law as "Expert witness".

**2. Regulation of Forward / Futures Trading**

2.1 Forward/futures trading involve a passage of time between entering into a contract and its performance making thereby the contracts susceptible to risks, uncertainties, etc. Therefore, FMC takes suitable regulatory measures in accordance with the provision provisions of FCR Act.

2.2 After assessing the market situation and taking into account the recommendations made by the Board of Directors of the Exchange, the Commission prescribes various regulatory measures from time to time. These regulatory measures relate to open position, price bands, margin requirements, basis variety, delivery procedures etc.

2.3 FMC provides the Ministry of Consumer Affairs, Food & Public Distribution analysis of the prices of the essential commodities like food grains, pulses, edible oilseeds and oils, vanaspati, sugar and gur in the premier markets in the country from time to time. Besides, the international price trends in many of the

above commodities are also reviewed on a periodic basis. Furthermore, various aspects concerning the commodity economics of the above items are also reviewed and a regular feedback containing inter-alia, the price trend and other developments in the domestic and overseas commodity markets are submitted to the Ministry.

### 3. Regulatory Initiatives by the Forward Markets Commission:

#### 3.1 Restriction on pro account Trading

In order to curb possible circular trading, prevent unauthorized appropriation of clients' business by the members and avoiding margin liabilities the following directions were issued to the three national Exchanges -

- (i) Facility of placing orders on "Pro-Account" through the trade terminals shall be extended only at one location of the Member as specified/required by the said member;
- (ii) In case any member requires the facility of using "Pro-Account" through trading

terminals from more than one location, such member shall be required to submit an undertaking to the Exchange stating the reason for using the "Pro-Account" at Multiple locations.

#### 3.2 Imposition of penalties for violation of limit on open position

Penalties on members and their clients for exceeding the prescribed open interest positions have been made very stringent by relating the penalty to the proportion of the violation and repetitive violations can even lead to suspension. The penalty, in major cases of violation, was increased from Rs, 1000/- to Rs. 10,000/- or 2% of the value of the limit exceeded, whichever is more. As per the new provisions the habitual defaulters will be suspended from trading.

#### 3.3 Uniformity in Regulatory Measures

In order to bring uniformity in regulatory provisions at the Exchanges, FMC issued directions prescribing uniform daily price limits, position limits and initial margin in respect of commodities which are





traded across three National level commodity Exchanges and have good volume of trade as given in **Annexure I**.

**3.4 Contract Designs made more Broad based**

The Commission approved the amendments to Contract designs to make them more broad-based in case of Urad and Tur by introducing Desi varieties for the purpose of delivery with suitable premium and discount in these commodities.

**3.5 Registration of Intermediaries**

Registration of intermediaries such as warehouses, assayers, etc has also been started by FMC for improving regulation. The Registration of members has already been completed in the last financial year. So far, 3552 members, 136 intermediaries and 21 warehouses are registered with FMC.

**3.6 Review of non-operative contract**

It was found that the number of contracts permitted at the Exchanges remained inoperative. Hence, the Exchanges were asked to review non operative contracts.

**3.7 Audit of members**

Audit of Exchanges and their members through professional auditors have been initiated by FMC. In fact it is for the first time that professional auditors have been engaged for audit of members.

**4. Developments in Commodity Markets**

The total value of trade during 2006-07 (April - January 2007) was Rs.30.31 lakh crores. Total value of trade during 2005-06 was Rs. 21.55 lakh crores. The phenomenal growth in the value of trade was largely because of the increase in the number of commodities available for trading and the online trading platform offered by the National Exchanges. MCX, Mumbai and NCDEX, Mumbai contributed 57.48% and 35.67% of the total value of the trade during the year 2006-07. Presently, trading in 103 commodities are regulated under the Forward Contracts (Regulation) Act, 1952.

**4.1 Renewal of Recognition:**

Recognition was granted to East India Jute and Hessian Exchange Ltd., Kolkatta in respect of Raw Jute (including Mesta), and renewed in case of First

Commodities Exchange of India, Kochi in respect of Rubber and Bikaner Commodity Exchange, Bikaner in respect of Guarseed, Guar gum and Gram as given in **Annexure II**.

4.2 Revision in Regulatory provisions

FMC has been proactive in monitoring the market and intervened the Chana, Wheat, Potato, Mentha Oil, Urad and Chilli markets to regulate the market by way of revising the limit on open position, and revising the margins from time to time as detailed in Annexure III. Besides imposition of Initial margins and additional margins FMC also took various steps like revision in price limit, limit on open position for clients etc as given in **Annexure IV**.

4.3 Awareness programs:

FMC continued its efforts to create awareness by conducting awareness programs in association with the Exchanges. During the year upto September 2006, 22 awareness programs were organized in association with the recognized Exchanges. One program was also organized through Mumbai

Charter of Financial Analysts. Details of the awareness programs are given Annexure V.

4.4 Value of Trade at Major Commodity Exchanges during the year 2006-2007 is given at **Annexure-VI**.

4.5 List Of Commodities Notified Under Section 15 of the F.C. (R.) Act 1952 is given **Annexure- VII**.

4.6 Training Program:

During the period, following training programs were organized by FMC through various institutes.

- One day training program organized on Market Monitoring and Surveillance through SEBI on 16th June 2006.
- Two days training programme on 'Commodity Finance for Banks' - organized through the National Institute of Bank Management (NIBM), Pune, on the 25th -26th August, 2006.
- Two days' seminar was organized through the Indian Institute of Management, Bangalore from 1st September 2006 to 2nd September 2006 at Bangalore for the benefit of Senior State





Government officers. In all around 24 officers participated in the Seminar.

- FOW, an International organization, publishing a magazine on Futures and Options, organized an International Seminar in Mumbai on 22nd and 23rd September 2006. International Exchanges like Chicago Mercantile Exchange, Singapore Exchange participated in the seminar.
- A Seminar on Indian Commodity Market: Trends and Developments was organized by ASSOCHAM at Mumbai on 26th September 2006 in collaborations with MCX and NCDEX, Secretary (CA) inaugurated the Seminar. About 100 persons from commodity and corporate sector participated in the seminar.
- Seminar on Commodity Futures Markets was organized for the benefit of senior officers of the State Cooperative Marketing Federations in association with Indian Institute of Rural Management, Anand at Anand from 29th - 30th September, 2006.
- **Regulatory Initiatives taken by Forward Markets Commission (FMC) during 2006-07.**
  - To avoid the risk of misuse of multiple terminals, directions issued to the national level Exchanges to impose restrictions on the number of terminals a member can use for proprietary trading.
  - To bring discipline in the market, the penalty for violation of limit on open position was increased from Rs.1000/- to Rs.10,000/- or 2% of the value of the limit exceeded which ever is higher to link the penalty with the value of the violation. It also provides for suspension of the habitual defaulters.
  - PAN made mandatory for the clients for trading in Commodity Derivatives w.e.f. 1st April 2007. The clients who do not possess PAN will be required to give declaration in the prescribed form and will have to furnish other document for identification.
  - FMC continued to be proactive in regulatory aspects to promote market integrity and customer protection and initiated

various steps by intervening the in Wheat, Mentha Oil, Potato, Chana, Urad, Chilli, Natural gas etc. markets by revising the limits on open position and imposing price bands and special margins from time to time.

- Audit of Exchanges and their members through professional auditors initiated. In fact, it is for the first time that professional auditors have been engaged for audit of members.

- **Developmental Initiatives**

- 35 awareness programs organized in various parts of the country.
- Training programs/capacity building programmes were also organized through National Institute of Bank Management, Pune (for creating awareness amongst the bank officers), Indian Institute of Rural management (IRMA) Anand for creating awareness amongst the Co-operatives and through Indian Institute of Management, Bangalore (IIM, Bangalore) for senior officers of the Agriculture Department, Civil Supplies, Agricultural Produce Market committees of the State

Government for creating awareness about these markets.

- Four interactive meetings with members of National Exchange belonging to the East, West, North and South zones were held.
- A seminar on Commodity Futures Market was organised for the benefit of the officers of the Department of Agriculture at New Delhi on 10th November 2006.

- **Agreement signed with International bodies**

- A Memorandum of Understanding was signed between the United States Commodity Futures Trading Commission (USCFTC) and Forward Markets Commission (FMC) at Mumbai on 18th October, 2006. Shri Sundareshan, Chairman, FMC signed the MOU on behalf of FMC whereas Shri. Reuben Jeffery, Chairman CFTC signed the MOU on behalf of CFTC. The MOU provides for consultation on matters of mutual interest in order to promote co-operation on market integrity, sharing of information on each others





*Mr. Reuben Jefferey, Chairman, CFTC and Mr. S. Sunderesha, Chairman Forward Markets Commission signed a Memorandum of Understanding between United States Commodity Futures Trading Commission (USCFTC) and Forward Markets Commission (FMC) at Mumbai on 18th October, 2006.*

laws, consultation providing for issues relating to Risk Management etc.

- FMC became an Associate Member of IOSCO. IOSCO is the body of all International Security and Commodities Market Regulators.
- FMC also signed an MOU with China Securities Regulatory Commission (CSRC) during the visit of the Chinese President Shri. Hu Jintao to India on 21.11.2006. The MOU was signed in the presence of the Chinese President, Shri. Hu Jintao and the Prime

Minister of India, Shri. Manmohan Singh, after the summit meeting at Hyderabad. On behalf of FMC, MOU was signed by Shri Sundareshan, Chairman FMC and Shri Sun Yuxi, Chinese Ambassador to India, signed the MOU on behalf of CSRC.

- FMC in consultation with the RBI allowed the members, registered with FMC, to set up wholly owned subsidiaries abroad. No Objection Certificates (NOCs) were issued to 3 members to trade in Commodities related activities.



*Hon'ble Prime Minister of India, Dr. Manmohan Singh and Forward Markets Commission Chairman, Shri S. Sundareshan on the dais during the ceremony for signing of an MoU with the China Securities Regulatory Commission (CSRC) during the visit of the Chinese President Shri Hu Jintao to India.*



*Signing of MOU between Forward Markets Commission, India and Commodities Futures Trading Commission, USA*

*Mr. SUN Yuxi, Ambassador of China to India (up) with Mr. S. Sundareshan, Chairman (FMC)*





Uniform limits on open position for 50 commodities prescribed by the Commission on 18<sup>th</sup> August 2006.



S.No.	Name of Commodity	Limit on Open Position	
		Client	Members *
1	2	3	4
1.	Cardamom	100 MT	300 MT
2.	Gram	10,000 MT	30,000 MT
3.	Guar Gum	1,000 MT	3,000 MT
4.	Guar Seed	3,000 MT	9,000 MT
5.	Gur	10,000 MT	30,000 MT
6.	Jeera	200 MT	600 MT
7.	Maize	15,000 MT	45,000 MT
8.	Masur	4,000 MT	12,000 MT
9.	Moong	3,000 MT	9,000 MT
10.	Mustard seed	10,000 MT	30,000 MT
11.	Parboiled Rice	10,000 MT	30,000 MT
12.	Potato	15,000 MT	45,000 MT
13.	Rice	10,000 MT	30,000 MT
14.	Rice Bran Oil	2,000 MT	6,000 MT
15.	Soy seed	15,000 MT	45,000 MT
16.	Sugar – S	10,000 MT	30,000 MT
17.	Sugar – M	10,000 MT	30,000 MT
18.	Tur	5,000 MT	15,000 MT
19.	Urad	5,000 MT	15,000 MT
20.	Wheat	10,000 MT	30,000 MT \$
21.	Yellow peas	4,000 MT	12,000 MT
22.	Pepper	1,000 MT	3,000 MT
23.	Rubber	4,000 MT	12,000 MT
24.	Turmeric	3,000 MT	9,000 MT
25.	Basmati Rice	1,000 MT	3,000 MT
26.	Raw Jute	8,000 MT	24,000 MT
27.	Red Chilli	5,000 MT	15,000 MT
28.	Gold	2 MT	6 MT
29.	Silver	50 MT	150 MT
30.	Crude Oil	4 Lakh Barrels	12 Lakh Barrels
31.	Burmese peas	2,500 MT	7,500 MT
32.	Castor oil	2,000 MT	6,000 MT

contd...

33.	Castor seed	5,000 MT	15,000 MT
34.	Coconut oil	2,000 MT	6,000 MT
35.	Coffee Robusta	750 MT	2,250 MT
36.	Coffee Arabica	480 MT	1440 MT
37.	Cotton Long staple	20,000 Bales	60,000 Bales
38.	Cotton medium staple	20,000 Bales	60,000 Bales
39.	Green peas	300 MT	900 MT
40.	Groundnut	3,000 MT	9,000 MT
41.	Groundnut oil	6,000 MT	18,000 MT
42.	Kapaskhali	12,000 MT	36,000 MT
43.	Linseed	750 MT	2,250 MT
44.	Mustard oil Cake	3,000 MT	9,000 MT
45.	RBD, Palmolein	7,500 MT	22,500 MT
46.	Refined Soya Oil	6,000 MT	18,000 MT
47.	Safflower	1,000 MT	3,000 MT
48.	Sesame seed	3,000 MT	9,000 MT
49.	Sunflower oil	3,000 MT	9,000 MT
50.	Mentha Oil	200 MT	600 MT

\* For a member the limit shall be either the limit indicated in column 4 of the table above or 15% of the market-wide open positions whichever is higher on a real time basis.

§ In respect of wheat contracts only the absolute limits may be allowed for members. Therefore the clause of 15% of Market wide open position would not applicable for wheat contract.

Annexure II

Renewal of Recognition

S. No.	Name of the Exchange	Commodity	Period of recognition
1.	East India Jute and Hessian Exchange, Ltd., Kolkatta	Raw Jute (including Mesta)	7 <sup>th</sup> April 2006 to 6 <sup>th</sup> April 2009.
1	First Commodities Exchange of India, Kochi	Rubber	26.07.2006 to 31.03.2009.
2	Bikaner Commodity Exchange, Bikaner	Guar seed, Guar gum and Gram	20.01.2007 to 19.01.2010





Imposition of margins:

S. No.	Commodity	Date	Additional Margins		Initial margin
			On longs %	On shorts %	
1	Chana	13.07.2006	5		
		30.08.2006	15	10	
		14.09.2006	5	5	
		17.10.2006	5		
2.	Wheat	27.06.2006	10		10% minimum margin
		30.08.2006	10	—	—
3.	Potato	18.08.2006 w.e.f.22.08.2006	-	-	Minimum 11 % of which 5% to be payable in cash.
4.	Mentha Oil	22.09.2006 w.e.f. 25.09.2006	5	-	-
5.	Urad	27.03.2006	15	-	-
		7.04.2006	25		
		26.05.2006	15		
		22.09.2006	5		
		w.e.f. 25.09.2006			
		17.10.2006	10		
6	Tur	27.03.2006	1525		
		07.04.2006			
7	Chilli	22.09.2006	5	5	-
8	Bullion	13.06.2006			Minimum margin 10% once the price cross the limits prescribed
9	Copper	13.06.2006			Minimum margin 10%

The exchanges were directed to collect such margin in cash and these margins would be in addition to the existing margins. No reduction in the one sided margins and special margins/ additional margins allowed without the prior approval from the Commission



Annexure IV

Revision in Regulatory measures

S. No.	Commodity	Date	Action taken
1	Urad	27.03.2006	Reduced the limit on daily price fluctuation from 9% to 6%
2	Tur	27.03.2006	Reduced the limit on daily price fluctuation from 9% to 6%
3	Bullion	20.04.2006 13.06.2006	Relaxed price band from 9% to 15% and further by 7.5%.Relaxation on daily price limit 6% to 9% for gold and 9% to 15% for silver.
14	Wheat	27.06.2006 9.05.2006 13.07.2006	Limit on open position reduced to 50%Daily price fluctuation reduced from 6% to 4% initially and with a break of 15 minutes to 2%Cooling off period extended from existing period of 15 minutes to 30 minutes after the price limit of 4% is reached in either side with break of 15 minutes to 2% .
5	Mentha Oil	16.05.2006 09.08.2006	Reduce the limit on daily price fluctuation from 6% to 4% and with a break of 15 minutes to 2%The limit on open position for clients and members fixed at 200 MT and 600 MT respectively w.e.f from 1 <sup>st</sup> September 2006.
6	Chilli	22.09.2006	The Daily price limit relaxed and were fixed at 4 % with further relaxation of 2 % i.e (4%+2%) after a freeze at 4% level for 15 minutes. Such margins shall be collected in cash and made applicable w.e.f. 25 <sup>th</sup> September 2006.
7	Natural gas	14.09.2006	The daily price limit relaxed from 6% to 9% and thereafter from 9% to 12 % and 12% to 15 % The exchanges were directed to ensure that while relaxing the price band in stages, initial margin would be collected at levels higher than 9%, 12% or 15% as the case may be.Initial margin to be collected at a levels higher than 9%, 12% or 15% as the case may be. While relaxing the price band, in stages, initial margin to be collected at a levels higher tha 9%. 12% and 15% as the case may be.The revised limit on daily price fluctuations would become applicable w e f 25 <sup>th</sup> September 2006
8	Copper		Relaxed daily price limits from 6% to 9%





Details of the awareness programs held during April to September 2006.

S. No.	Name of the Exchange	Date	Place
1.	NCDEX, Mumbai National Commodity and Derivatives Exchange Ltd. Mumbai.	21.04.2006	Nasik
		26.04.2006	Guntur
		12.5.2006	Dehradhun
		26.5.2006	Surat (Gujarat)
		21.7.2006	Davangere/Karnataka
2.	MCX, Mumabai	29.04.2006	Kolkatta
		20.5.2006	Ludhiana (Punjab)
		23.6.2006	Thiruvanan-thapuram
		24.06.06	Chennai
		21.7.2006	Mangalore
		27.7.2006	Jaipur
		28.7.2006	Kota
		2.8.2006	Muzaffar-pur
		12.8.2006	Shimla
		19.8.2006	Nasik
7.9.2006	Indore		
29.9.2006	Bangalore		
3.	National Multi Commodity Exchange of India Ltd., Ahmedabad	10.06.2006	Ahmedabad
		8.09.2006	Gwalior
		28.09.2006	Sultan Bathery
4.	Mumbai Charter of Financial Analysts	26.05.06	Mumbai
5.	First Commodity Exchange of India Ltd.,	17.6.2006	Kochi



Annexure- VI

Value of Trade at Major Commodity Exchanges during the year 2006-2007

Value Rs in crores

Sr. No.	Name of the Association	April 2006 to January 2007
1	2	3
1.	National Commodity & Derivative Exchange Ltd., Mumbai	1013602.38
2.	Multi Commodity Exchange of India Ltd., Mumbai	1832838.93
3.	The National Multi Commodity Exchange of India Ltd., Ahmedabad	104435.60
4.	National Board of Trade, Indore	62848.01
5.	Surendranagar Cotton oil and Oilseeds Association Ltd., Surendranagar	2492.60
6.	The Chamber of Commerce, Hapur	5686.66
7.	The Ahmedabad Commodity Exchange Ltd., Ahmedabad	2843.33
8.	Vijay Beopar Chamber Ltd., Muzaffarnagar	2462.01
9.	The Rajkot Seeds Oil & Bullion Merchants Association Ltd., Rajkot	1496.71
	<b>Total of these above Exchanges</b>	<b>3028706.23</b>
	Other Commodity Exchanges	2600.89
	<b>Grand Total</b>	<b>3031307.12</b>





**LIST OF COMMODITIES NOTIFIED UNDER SECTION 15 OF THE F.C.(R.) ACT 1952.**

Sl.No	Commodity
<b>Fibres and Manufactures</b>	
1	Art Silk Yarn
2	Cotton Cloth
3	Cotton pods
4	Cotton Yarn
5	Indian Cotton (Full pressed, half pressed or loose)
6	Jute goods (Hessian and Sackings and cloth and /or bags, twines and/or yarns mfd by any of the mills and/or any other manufacturers of whatever nature made from jute)
7	Kapas
8	Raw Jute (including Mesta)
9	Staple Fibre Yarn
<b>Foodgrains And Pulses</b>	
10	Arhar Chuni
11	Bajra
12	Barley
13	Gram
14	Gram Dal
15	Guar
16	Jowar
17	Kulthi
18	Lakh (Khesari)
19	Maize
20	Masur
21	Moth
22	Mung
23	Mung Chuni
24	Mung dal
25	Peas
26	Ragi
27	Rice or Paddy
28	Small Millets (Kodan Kulti, Kodra, Korra, Vargu, Sawan, Rala, Kakun, Samai, Vari & Banti)
29	Tur Dal (Arhar Dal)
30	Tur(Arhar)
31	Urad (Mash)
32	Urad dal
33	Wheat



Metals	
34	Copper, Zinc, Lead or Tin
35	Gold
36	Silver
37	Silver Coins
Oilseeds and Oils	
38	Celeryseed
39	Copra Oil/Coconut Oil
40	Copra Oilcake/Coconut Oilcake
41	Copra/Coconut
42	Cottonseed
43	Cottonseed Oil
44	Cottonseed Oilcake
45	CPO Refined
46	Crude Palm Oil
47	Crude Palm Olive
48	Groundnut
49	Groundnut Oil
50	Groundnut Oilcake
51	Linseed
52	Linseed oil
53	Linseed Oilcake
54	Rapeseed Oil/Mustard Oil
55	Rapeseed Oilcake/ Mustardseed Oilcake
56	Rapeseed/Mustardseed
57	RBD Palmolein
58	Rice Bran
59	Rice Bran Oil
60	Rice Bran Oilcake
61	Safflower
62	Safflower Oil
63	Safflower Oilcake
64	Sesamum (Til or Jiljilli)
65	Sesamum Oil
66	Sesamum Oilcake
67	Soy meal
68	Soy Oil
69	Soybean
70	Sunflower Oil
71	Sunflower Oilcake
72	Sunflower Seed





Spices	
73	Aniseed
74	Betelnuts
75	Cardamom
76	Chillies
77	Cinnamon
78	Cloves
79	Coriander seed
80	Ginger
81	Methi
82	Nutmegs
83	Pepper
84	Turmeric
Others	
85	Camphor
86	Castorseed
87	Chara or Berseem (including charaseed or berseemseed)
88	Crude Oil
89	Gram Husk (Gram Chilka)
90	Gur
91	Khandsari Sugar
92	Polymer
93	Potato
94	Rubber
95	Seedlac
96	Shellac
97	Sugar
98	Furnace Oil
99	Ethanol
100	Cooking Coal
101	Electricity
102	Natural Gas
103	Onion



# CHAPTER - VIII

## BUREAU OF INDIAN STANDARDS

### GENERAL

8.1 The Bureau of Indian Standards, the National Standards Body of India became functional as a statutory body under the Bureau of Indian Standards Act, 1986 with effect from 1 April 1987 taking over staff, assets and liabilities of Indian Standards Institution established in 1947. The Bureau is successfully promoting and nurturing the standardization movement in the country. During 2005-06, BIS has made all-round progress in its key activities relating to standardization and certification (Product

and Management Systems Certification).

### STANDARDS FORMULATION

8.2 BIS is formulating need-based Indian Standards in line with the national priorities as a time bound programme. The Bureau has taken a decision to harmonize national standards with regional and international standards in order to facilitate adoption of international standards by all segments of business and industry. The progress on activities relating to formulation of Indian Standards is given in Table - 1.

Table - 1  
Progress of Standards Formulation

Sl. No.	Activities	Progress during	
		2005- 06*	Apr-Dec 2006**
1.	New and revised standards formulated	351	200
2.	Sectional Committee meetings held	164	122
3.	Standards in force	18219	18303
4.	Standards Reviewed	3663	1362

\* As on 31 March 2006

\*\* As on 31 December 2006





## CERTIFICATION

### Product Certification

8.3 BIS has been operating product certification scheme for more than five decades. The Certification Scheme is basically voluntary in nature but for a number of items affecting health and safety of the consumer and those of mass consumption, it has been made mandatory by the Government through various statutory measures such as Prevention of Food Adulteration Act, Mines Act, Indian Gas Cylinders Rules besides BIS Act. Some of the items brought under mandatory certification on consideration of health and safety are LPG cylinders, pressure stoves, safety items used in mines, clinical thermometers, packaged drinking water, etc.

The progress of Product Certification Scheme is summarized in Table - 2.

### Certification of Foreign Manufacturers & Imported products

8.4 BIS launched its Product Certification Scheme to overseas manufacturers and Indian importers in the year 1999. Under the provisions of this scheme, foreign manufacturers can seek certification from BIS for marking their product with BIS Standard Mark and Indian importers can also seek BIS certification for applying BIS Standard Mark on the product being imported into the country. During the period 5 licences were granted under the Foreign Manufacturers Scheme.

8.5 The Directorate General of Foreign Trade, Ministry of Commerce have issued a notification dated 24 November 2000 according to which products which are under mandatory BIS Certification through various Notifications

**Table - 2**  
**Progress of Certification Marks Activities**

Sl. No.	Activities	Progress during	
		2005- 06*	Apr-Dec 2006**
1.	Licences granted	2536	1688
2.	Total Licences in operation	19558	18735
3.	Samples tested in BIS labs	26725	18767

\* As on 31 March 2006

\*\* As on 31 December 2006



issued by Govt. of India, cannot be imported into India without BIS Certification. For compliance to this requirement, all foreign manufacturers of these products who intend to export to India are required to obtain a BIS product certification licence.

### Hallmarking Of Jewellery

8.6 BIS has been nominated as the sole agency in India for Hallmarking of Gold Jewellery. The Hallmarking Scheme which is on a voluntary basis was formally launched by BIS in April 2000 and later revised in Jan 2006. Jewellers desirous of operating the BIS Hallmarking Scheme for gold jewellery have to apply to BIS for Certification. A BIS certified jeweller gets his jewellery assayed and hallmarked by any BIS recognized Assaying and Hallmarking Centre. The recognition of Assaying and Hallmarking Centres is done by BIS after ensuring that the Assaying and Hallmarking Centre are following BIS Criteria for Hallmarking based on laid down norms for sampling, assaying and hallmarking and also have adequate testing facilities, trained and competent manpower. The norms for recognition of these centres have been aligned with those in other parts of the world, in order to ensure the acceptability of

the jewellery with 'Indian Hallmark' world over. The number of licences for Hallmarking of jewellery has grown to 1410 on 1 April 2006 and to 2794 as on 31 December 2006. Similarly the number of licences for Hallmarking of silver jewellery / artifacts has grown from 23 on 31 March 2006 to 172 as on 31 December 2006. During the period, the number of BIS recognized assaying and hallmarking centres has grown to 41 from 36.

### Management System Certification

8.7 BIS continued to provide the following Certification services as per International/National standards for management systems:

- a) Quality Management Systems (QMS) Certification Scheme as per IS/ISO 9001:2000
- b) Environmental Management Systems (EMS) Certification Scheme as per IS/ISO 14001:2000
- c) Hazards Analysis & Critical Control Point (HACCP) Scheme as per IS 15000:1998
- d) Occupational Health & Safety Management Systems (OH&SMS) Certification Scheme as per IS 18001:2000





For the promotion of various Management Systems Certification (MSC) schemes, a number of appreciation programmes were conducted and presentation was also made in various organizations. In order to obtain feedback from the clients, 5 review meetings of QMS/EMS were also conducted during the year.

### Accreditation of BIS Quality Management Systems Certification Schemes

8.10 BIS Quality Management System Certification has been accredited by Raad voor Accreditatie (RvA), Netherlands for 23 major economic activities. The scheme is regularly audited by RvA to confirm compliance to the laid down requirements. Based on the reassessment by RvA on 1 - 13 June, 2005, the accreditation has been renewed by RvA up to October 2009.

### Quality Management Systems Certification Scheme

8.8 BIS Quality Management System Certification Scheme (QMSCS) was launched in September 1991 under the provisions of the Bureau of Indian Standards Act, 1986. The Scheme is being operated in accordance with ISO/IEC Guide 62 - General requirements for bodies operating assessment and certification/registration of quality systems.

8.11 Besides RvA accreditation, BIS QMSCS has also been accredited by National Accreditation Board for Certification Bodies (NABCB) of Quality Council of India (QCI) for 9 economic sectors. The accreditation has been effective from 22 Dec' 05 and is valid upto 21 December 2008. BIS is further taking up with QCI to include additional scope sectors in their accreditation certificate.

8.9 The Scheme continued to grow and during 2006-07, 37 Quality Management Systems Certification licences have been granted making a total of operative licences to 1267 as on 31 December 2006 covering industrial sectors such as chemicals, textiles, plastic, cement, electricals, pharmaceuticals, banking sector, telecommunications, health sector, construction, education, wood, insurance, dairy plants, engineering services etc

### Hazard Analysis and Critical Control Point Certification

8.12 Hazard Analysis and Critical Control Point (HACCP) is a process control system designed to identify and prevent microbial and other hazards in food production. HACCP can be applied throughout the food chain from primary producer





to final consumer. This scheme is based on IS 15000:1998 - 'Food Hygiene - HACCP Systems and Guidelines' which is technically equivalent to the Codex Alimentarius Commission Standard ALINORM - 97/13A, the International Standard on the subject. During the period 2 licenses have been granted under the HACCP Integrated Quality Management Systems Certification Scheme making a total of operative licences to 66 as on 31 December 2006. The process followed for certification is similar to the process of QMSCS. This scheme will help the exporters in the field of food and food products specially for export to the countries like USA and EUROPE. BIS also offers a standalone HACCP Certification Scheme as per IS 15000.

### Environmental Management Systems Certification Scheme

8.13 The Environmental Management Systems (EMS) Certification Scheme launched by BIS as per IS/ISO 14001, continues to be popular. During the period, 15 EMS licenses have been granted making a total of 120 operative licenses as on 31 December 2006. These licenses cover technology areas like integrated steel plants, thermal power plants, aeronautical industries, atomic power stations,

textiles, plastic, cement, construction, electrical and telecommunication cables, petroleum refinery, insecticides, industrial and explosive chemicals, railway wagon workshops, mining etc.

8.14 The EMS Certification Scheme is operated as per International criteria laid down in ISO/IEC Guide 66. BIS has applied to NABCB of QCI for accreditation of its EMS Certification Scheme. Document audit has already been completed with NABCB and office assessment/witness audit is being planned in near future.

### Occupational Health & Safety Management Systems Certification Scheme

8.15 BIS launched Occupational Health and Safety Management Systems (OH&SMS) certification as per IS 18001:2000, in January 2003, which essentially enables an organization to define, plan and manage a policy and objectives, taking into account legislative requirements and information about significant hazards and risks, which the organization can control or over which it can be expected to have an influence so as to protect its employees and others, whose health and safety may be affected by the activities of the organization. During the period, 4 OH&SMS





licenses have been granted making a total of operative licences to 28 as on 31 December 2006. The licences cover technology areas like thermal power plants, ceramic industry, cycle industry, gas power station, health services and employee development centre.

8.16 It may be mentioned that IS 18001 is the first National standard world wide on the subject which is amenable to certification.

**Certification of Govt. Organization for Service Delivery**

8.17 The Quality Management Systems Standard IS/ISO 9001 provides a generic framework for organizations to ensure quality of service/products. In order to develop a new mechanism for certifying service delivery by government organizations, as desired by Deptt. of Administrative Reforms and Public Grievance (DARPG), BIS has recently published an Indian Standard on Service Quality by Public Service Organization namely IS 15700:2005 Quality Management Systems - Requirements for services delivery by public service organizations.

8.18 Before finalizing this standard, it was widely circulated to all interested organizations including about 90 Central Govt. Ministries/ departments and their comments

were suitably incorporated. This is a generic standard and lays down Quality Management performance requirements for public service organization. Further, the organization implementing this standard can be certified by Bureau of Indian Standards. This standard focuses mainly on the following 3 key elements:

- Formulation of a realistic Citizen's Charter through a consultative process,
- Identification of services rendered, Service delivery processes, their control and delivery requirements,
- An effective process for complaints handling

8.19 DARPG has drawn up a roadmap for implementation of this standard in government department and ten departments have been initially identified to implement this standard and achieve certification during 2006-07. BIS has already identified and trained about 50 auditors all over India who would be certifying the Govt. department as and when they are ready.

**New Scheme(s) Launched**

8.20 BIS has launched Food Safety Management System (FSMS) as per IS/ISO 22000:2005. This system is designed to allow all types of organizations within the food chain



to implement a food safety management system & is a little more comprehensive compared to HACCP system.

### Laboratory activities

8.21 BIS has established eight laboratories beginning with the establishment of Central Laboratory, Sahibabad in 1962, whereafter, four regional laboratories were established at Mohali, Kolkata, Mumbai and Chennai and three branch office laboratories at Patna, Bangalore and Guwahati. The purpose of establishing BIS laboratories is to support the activities of BIS product certification marks scheme wherein the samples generated from the licensees/applicants and also from the open market are tested. The Central laboratory, regional laboratories and the branch office laboratory at Bangalore have facilities for testing of products in the field of chemical, food, electrical and mechanical discipline. In-house calibration facilities in the field of electrical disciplines are also available in some of these laboratories. Approximately 30000 test reports are being generated out of the testing conducted in BIS laboratories every year. During the current year 19494 test reports have been

generated up to 31 December 2006.

8.22 In order to ensure that BIS laboratory services are keeping pace with the developments at the International level, the laboratories at Mumbai, Kolkata, Chennai, Mohali, Bangalore and Sahibabad have been accredited by the National Accreditation Board for Calibration and Testing Laboratories (NABL) as per the international standard IS/ISO/IEC 17025.

8.23 As the volume of workload for testing of samples generated from product certification scheme is much larger, BIS has established a scheme of recognition of outside laboratories. The scheme is based on well documented international norms (IS/ISO/IEC 17025:2005) which is inline with the norms adopted by the National Accreditation Board for Calibration and Testing Laboratories (NABL). The recognized labs include the reputed R&D organizations, technical institutions, Govt labs and Private sector labs. The services of such laboratories are generally utilized where it is economically not viable to develop test facilities in BIS laboratories, or when there is a heavy rush of samples. So far 116 outside laboratories have been recognized under this scheme. During the current year two





laboratories have been granted recognition.

- 8.24 BIS laboratories are organizing training programme on product testing for BIS licensees regularly with the purpose of upgrading the capabilities of testing personnel employed in the industry, particularly in the small and tiny sectors. Around 12 programmes are being conducted every year.

Region and 7 major cities viz., Mumbai, Chennai, Kolkata, Bangalore, Hyderabad, Ahmedabad and Jaipur.

### CONSUMER RELATED ACTIVITIES

- 8.27 To meet the growing expectations of consumers in the country, BIS has created a separate department with a mandate to provide consumer protection and welfare and deal with public grievances. This department maintains close liaison with the Central Consumer Protection Council and consumer associations, and co-ordinates with the Ministry of Consumers Affairs, Food and Public Distribution on consumer issues. It is guided in its activities by a Consumer Policy Advisory Committee which advises BIS on all policy matters relating to efficient discharge of functions and making standardization and certification activities user-friendly. A well-defined procedure has been established for handling complaints. The complaints registered are monitored regularly.

### ENFORCEMENT

- 8.25 In its endeavor to sustain the popularity of its Standard Mark, BIS has strengthened its enforcement activities. It organizes enforcement-cum-consumer awareness drives throughout the country in order to educate the common consumer about their rights, benefits of purchasing certified goods and different forms of misuse of its Standard Mark normally adopted by manufacturers/suppliers, so that the consumer can distinguish between a genuine mark and a forged one. 120 search & seizures were also conducted for misuse of the Standard Mark and other violation of BIS Act during April to December 2006.

- 8.28 BIS organizes a large number of awareness programmes for office bearers of Consumer Organizations and for consumers, all over the country. During the period 96 consumer awareness programmes were organized. Such programmes are also conducted jointly with

- 8.26 To further strengthen and increase the effectiveness of enforcement raids, the activity has been partially outsourced in the National Capital





Industry / Trade Associations / Educational Institutions and Consumer related departments of State and Central Government, besides participating in Seminars, Workshops and Conferences. Exhibitions are also organized. Mass media like TV, Radio, other electronic media, Newspapers, hoardings etc. are being extensively used to create awareness among consumers regarding Standards, Quality and ISI mark.

### PROMOTIONAL ACTIVITIES

8.29 Promotion of Indian Standards assumes great significance and has been a prime objective of BIS. The bulk of standards are voluntary in nature. Promotional activities are, therefore, essential to implement the standards for deriving the desired benefits. Promotion of standardization involves varied interests ranging from ordinary consumers to educational institutions. Appropriate strategies are therefore adopted for this activity for the identification of users vis-à-vis their needs. To propagate the concept of standardization and quality systems among small scale industries, BIS organizes awareness programmes comprising of lectures, discussions and video film shows where the participants are

exposed to the concepts of standardization, quality system, product certification and other BIS activities.

8.30 The implementation of Standardization is monitored in the states through state level committees (SLCs), comprising of State Government officers, members of industry associations, consumer organizations and organized purchase agencies. State level committees meet at suitable intervals and assess the level of standardization in their states and also promote the implementation of standards and certification schemes of BIS. A number of Indian Standards have been adopted as the basis for purchase and other activities by the State Governments and other agencies, as a result of close interaction and persuasion by the Bureau through SLCs. Many major purchasing organizations like Directorate General of Supplies and Disposal (DGS&D), Railway Design and Standards Organization (RDSO) and Defence have well defined procedures for adoption of Indian Standards relevant to their operations. During the period meetings of SLC's for the states of Uttranchal, Mizoram, Gujarat and Tamil Nadu were organized.

8.31 The students of technical and professional institutions are the





secondary users of standards and they need to be educated in the fields of standardization and quality systems, so that they are well equipped to introduce quality in goods and services to be delivered by them. Recognizing this, regular Programmes on Educational Utilization of Standards are conducted with the specific aim to propagate the message of standardization and to create awareness about latest Indian Standards in various fields, amongst the faculty members and senior students. The faculty members when properly sensitized about the importance and availability of standards, have been found to be instrumental in implementation of standards. During the period five programmes have been organized.

that will bring a significant improvement in quality, Rajiv Gandhi National Quality Awards were instituted by the Bureau of Indian Standards in 1991 with the approval of Government of India. The applications for the thirteenth set of Rajiv Gandhi National Quality Awards for year 2006 were invited in April 2006. A total of 61 applications were received from various manufacturing and service organizations. The 38 applicants short listed after preliminary screening were paid fact finding and evaluation visits, by four regional evaluation committees constituted by the National Awards Committee, during August - October 2006. The award winners and recipients of commendation certificates for 2006 awards were finalized in the thirteen meeting of National Awards Committee held on 30 October 2006. Four awards and ten commendation certificates were given in a function held in February 2007.



### Rajiv Gandhi National Quality Awards for year 2006

8.32 With a view to encourage Indian manufacturing and service organizations to adopt system





*Hon'ble Minister of State for Agriculture, Consumer Affairs, Food & Public Distribution, Shri Taslimuddin Ji releasing the 29 Standards in 14 technological areas encompassing Natural Gas Pipeline Systems for transmission of gases formulated under a project sponsored by Gail India Ltd., with Shri Yashwant Bhawe, Secretary (CA) and Smt. Alka Sirohi, Additional Secretary (CA) & DG (BIS).*



*Hon'ble Minister of State for Agriculture, Consumer Affairs, Food & Public Distribution, Shri Taslimuddin Ji presenting the category award for Small Scale manufacturing organization for Rajiv Gandhi National Quality Awards, 2006 to Smt. Saroj G Worke, Director IT & Management - Nasik.*





All awardees of Rajiv Gandhi National Quality Awards, 2006 with Dignitaries sitting on dias [ from left to right - Shri Rakesh Verma, ADG (Tech.), BIS; Smt. Alka Sirohi, Additional Secretary (CA) & DG (BIS); Hon'ble Minister of State for Agriculture, Consumer Affairs, Food & Public Distribution, Shri Taslimuddin Ji, Shri Yashwant Bhawe, Secretary (CA), Dr. U.D. Choubey, Chairman-cum-Managing Director (GAIL) and Shri Y.P. Singh, ADG(Marks), BIS]

**LIST OF AWARD WINNERS**

**BEST OF ALL AWARD**

Steel Authority of India Limited - Bhilai Steel Plant, Bhilai

**CATEGORY AWARDS**

Large Scale Manufacturing Industry  
 Large Scale Service Industry  
 Small Scale Manufacturing Industry

Lucas-TVS Limited, Chennai  
 Nipuna Services Limited, Hyderabad  
 Himedia Laboratories Private Limited, Nasik

**COMMENDATION CERTIFICATES**

**Large Scale Manufacturing Industry**

**Industrial Sector**

Chemical

Mangalore Refinery and Petrochemicals Limited, Mangalore

Electrical and Electronic

Hindalco Industries Limited - Renusagar Power Division, Sonebhadra

Engineering and Others

J.K. Industries Limited - Banmore Tyre Plant, Morena



Metallurgical	Steel Authority of India Limited - Bokaro Steel Plant, Bokaro
Textile	Rajasthan Spinning and Weaving Mills Limited, Unit - Banswara, Banswara
<b>Small Scale Manufacturing Industry</b>	
<b>Industrial Sector</b>	
Electrical and Electronic Engineering and Others	Fine Switchgears, Phagwara Hycount Plastics and Chemicals, Kollam Pravin Masalewale, Works II, Daund, Pune
Food & Drug	
<b>Large Scale Service Industry</b>	
<b>Industrial Sector</b>	
Others	Indian Oil Corporation Limited - Mathura Jalandhar Pipeline Bijwasan, New Delhi
<b>Small Scale Service Industry</b>	
<b>Industrial Sector</b>	
Others	Vaccine Center, Coimbatore

8.33 Marching further ahead on the path of 'total customer satisfaction', BIS had set up a single-window Information & SSI Facilitation Cell at its headquarters in New Delhi which became operational since 1997 with the sole aim of providing variety of information /assistance to Indian industries, particularly in Small Scale Sector, which happens to be the backbone of Indian Industrial Scene. A number of entrepreneurs, consumers and professionals visit this centre for their queries.

## INFORMATION SERVICES

### Library

8.34 BIS Technical Library is a national resource centre for information on

standards and related matters and meets the needs of industry, trade, government, researchers and consumers alike. It is today the largest library of standards in the South Asian Region, covering a floor area of 1000 square meters. The collection includes about 6 lakh standards from all over the world and 50 000 technical books. The Bureau's library system comprises the Headquarters' Library (New Delhi) and four Regional Office Libraries at Mumbai, Kolkata, Chandigarh and Chennai. Reference services were provided to 2611 visitors by way of preparing 04 exhaustive subject bibliographies and making available, the reference materials of their choice. The





reference unit fully supported the standards formulating departments by providing the bibliographies. It assisted the Indian Trade and Industry by answering 1267 long and short range queries as received from them. The Library continued to supply basic information for the updation of mechanized database of World Standards called "Manaksandarbhika" maintained by Information Technology Services Department. All the standards received here were codified as input for the database which now comprises above 3 lakh and 45,668 records.

### CE Marking information Centre

8.35 To facilitate Export of products to EU countries, an information centre has been established at BIS. Through this information on CE Marking on EU legislation, directives and procedure is being disseminated to Indian industries.

### Technical Information Services Centre

8.36 Technical Information Services Centre (TISC) was set up in 1992 at New Delhi to provide information on standards, technical regulations and certification systems services. BIS has also been designated as WTO/TBT Enquiry Point by the Ministry of Commerce, Govt. of India under the Technical Barriers to Trade Agreement of World Trade

Organization. In this endeavor, more than 550 enquiries were responded during the period.

### This centre also provides following services:

- a) Clarifications on items falling under DGFT Notification no. RE 44.
- b) Issuance of World Manufacturer Identifier (WMI), Issuers Identification Number (IIN), Registered Application Provider Identifier (RID), Institution Identification Codes (IIC) number in accordance to respective ISO standards

### TRAINING SERVICES

#### Training Institute

8.37 To impart training to technical and management personnel from industry, consumer organizations, Public Sector Undertakings, Govt Bodies and Developing Countries, BIS has established the National Institute of Training for Standardization and Quality Management (NITS) as a residential Institute at Noida.

#### Training to overseas Participants

8.38 BIS has been organizing the International Training Programme in Standardization and Quality Assurance for developing countries of Asia, Africa, Europe and Latin America every year since 1968. The Government of India offers limited



number of fellowships to the nominees of many developing Countries under its Technical Assistance Plans for attending the programme. So for 38 such programmes have been organized. The 3rd International Training Programme on Management Systems for Developing Countries was organized at NITS, Noida from 04 Sep - 29 Sep 2006 which was attended by 22 participants from 17 countries. The 39th International Training Programme on Standardization and Quality Assurance for Developing Countries has concluded on 8 December 2006. 43 participants from 27 countries participated in this programme.

### New initiatives

#### MoUs Signed by NITS

- A Memorandum of Understanding was signed by NITS, BIS and ISO (International Organization for Standardization) for cooperation in organizing training programmes on behalf of ISO.
- DG BIS signed a Memorandum of Understanding with SVP National Police Academy, Hyderabad for cooperation in organizing trainings on subjects of mutual interest. The MoU was signed at Hyderabad on 26 Aug 2006. NITS and SVP National Police Academy, Hyderabad jointly conducted a 3-day "Workshop on

Quality Management for Improving the Delivery of Police Service to the People" at Hyderabad from 24 to 26 Aug 2006. The Workshop was attended by IPS officers nominated by State Governments. DG BIS delivered the Valedictory Address.

#### Training Programmes organized for the first time

- As per the directions of Department of Consumer Affairs, Ministry of Consumer Affairs, Food and Public Distribution, the first training programme of 2 days duration on Consumer Protection for District Magistrates was organized on 25-26 May 2006 at NITS, Noida which was attended by 16 officers from 10 States. The programme was inaugurated by Justice M.B. Shah, President, NCDRC. Shri L. Mansingh, the then Secretary, Department of Consumer Affairs, chaired the concluding session of the programme.
- For the first time a Workshop was organized for the participants from industry on preparing for Rajiv Gandhi National Quality Awards - 2006 on 15-16 June 2006 at Bangalore.
- First Training programme on Measurement of Customer Satisfaction was organized during 7-8 June at NITS Chennai.





- For the first time 3 open programmes on Measurement of Uncertainty were conducted separately in 3 different fields, i.e., Electrical, Mechanical and Chemical.
- First Open Programme of two days duration on Method Validation was organized on 30-31 Oct 2006 at NITS, Noida.



### Training for representatives of Consumer bodies

8.39 NITS is also conducting training programmes on Consumer Protection for State and District level officials of Consumer Forums.



### Other Training Programmes

8.40 BIS organized training programmes for industry personnel in the field of statistical quality control, quality system documentation, quality system auditing, enhancing management representatives skills, awareness programme on standardization and quality system, product testing etc. About 53 such open training programmes have been organized between April to December 2006.



### INTERNATIONAL ACTIVITIES

8.41 Since its inception in 1947, the then ISI and now BIS has been an active

member of International Organizations namely: International Organization for Standardization (ISO) and International Electrotechnical Commission (IEC). It participates in various policy-making committees of these international standards bodies. BIS also holds secretariat of some of the important ISO/IEC Committees which are of trade interest to India. As member of ISO, BIS also takes active part in the development of International Standards with a view to protect the interests of Indian trade & industry.

8.42 India is a certifying member of the IEC System of Quality Assessment of Electronic Components (IECQ).

8.43 BIS is actively involved in Regional and Bilateral Cooperation Programmes pertaining to standardization, conformity assessment & accreditation etc.

### South Asia Regional Seminar on Food Safety Management Systems and ISO 22000 held during 10-11 August 2006 at Hotel The Ashok, New Delhi.

8.44 As part of DEVT's efforts to disseminate the new ISO 22000 standard on food safety management systems at regional and sub-regional level worldwide, a two day seminar was held in New Delhi, India for the South Asian sub-region during 10-11 August 2006 and organized by the





Bureau of Indian Standards (BIS). Among the 200 participants were regional guests from Afghanistan, Bangladesh, Bhutan, Iran, Maldives, Nepal and Sri Lanka. Financing for participation by regional member bodies for the event was provided by ISO's Funds-in-Trust within the framework of ISO's five year action plan for developing countries. Participation from Maldives was sponsored by UNIDO. The participants from India included manufacturers, hospitality industry, suppliers regulators, auditors and consumers. The main speaker for the two day seminar was Dr. Martha Petro Turza, Former Secretary ISO/TC 34.

8.45 The seminar was inaugurated by Mr. L. Mansingh, Secretary, Ministry of Consumer Affairs, Food & Public Distribution, Government of India. In the inaugural session the importance of international standardization was highlighted by Dr. Bernardo Calzadilla Sarmiento, Secretary DEVCO. The representative of UNIDO Mr. Padikakudi informed about the technical assistance provided by UNIDO to various LDCs in the area of food safety. Further Dr. V. Prakash an eminent Indian Food Scientist in his address emphasized the need of healthy and safe food and the role of ISO 22000 in managing the vast food sector. The seminar concluded with a positive note

to implement food safety management systems through unified regulations.



*South Asia Regional Seminar on Food Safety Management Systems and ISO 22000 held during 10-11 August 2006 at Hotel Ashoka, New Delhi.*



*Shri L. Mansingh, the then Secretary (CA) addressing the SAR Seminar*

**Seminar on "Information Technology Standardization - Challenges and Way forward in Converged World"**

8.46 Bureau of Indian Standards organized one day Seminar on "Information Technology Standardization - Challenges and Way forward in Converged World" on 21 Feb 2007 at Hotel Taj





Mansingh, New Delhi. The objective of the seminar was to create awareness about IT standardization at national and international level, problems and issues surrounding IT standardization and to have some common implementable solutions. The seminar was attended by around 125 delegates representing various interests groups of IT field. The seminar was inaugurated by Shri Yashwant Bhave, Secretary, Deptt. Of Consumer Affairs, Ministry of Consumer Affairs, Food & Public Distribution. In his inaugural address, Shri Bhave stressed upon the need for evolving IT standards at a fast speed in order to keep pace with the dynamic changes in the technology taking place in this field. Smt. Alka Sirohi, Director General, BIS in her address invited IT industry and all the stakeholders to participate in the formulation of effective and useful IT standards in the emerging technology areas for the growth of country. Mr. Craig Mundie, Chief Research and Strategy Officer, Microsoft Corporation delivered the key note address. He laid emphasis on the importance of interoperability in the IT Standards for their effective implementation. BIS has also developed a new fast track process

for development of standards in IT field in consultation and consonance with IT industry.



*Mr. Craig Mundie, Chief Research and Strategy Officer, Microsoft Corporation delivered the key note address at the Seminar on "Information Technology Standardization - Challenges and Way forward in Converged World"*

### National Seminar on Standardization in Oil & Gas Sector

Bureau of Indian Standards organized a Seminar on "Standardization in Oil & Gas Sector" on 14th February 2007 in New Delhi.



*Bureau of Indian Standards organized a Seminar on "Standardization in Oil & Gas Sector" on 14th February 2007 in New Delhi.*



### ISO General Assembly meeting at Ottawa, Canada

8.47 An Indian delegation led by Shri L. Mansingh, the then Secretary, Deptt of Consumer affairs, Ministry of Consumer Affairs, Food and Public Distribution attended the 40th meeting of DEVCO and 29th meeting of ISO General Assembly during 11-15 September 2006 at Ottawa, Canada. On the sidelines of the meeting an MOU with ISO was signed on 13th September 2006 to use NITS, BIS as regional training centre of ISO for hosting regional trainings, seminars etc. Another MOU with ANSI was also signed on 13th September for exchange of information on standards and conformity assessment.



MOU signing with ISO by the then Secretary (CA) Shri L. Mansingh and ISO Secretary General.

### Visit of ISO President, Prof Masami Tanaka

8.48 Prof. Masami Tanaka, President, International Organization for

Standardization (ISO) visited Bureau of Indian Standards (BIS), New Delhi, India on 6th Nov 2006. During his visit, an interactive workshop was organized on "International Standardization: ISO and its working post - WTO Scenario". The workshop was attended by representatives of industry, regulators, Ministry officials, Senior BIS officials and other stakeholders. Need for India to participate more actively in international standardization activity was emphasized. It was also strongly emphasized that there is a need to strengthen SAARC region so that the regional view on issues related to various ISO technical committees could be presented forcefully.



Prof. Masami Tanaka, President, International Organization for Standardization (ISO) visited Bureau of Indian Standards (BIS), New Delhi, India on 6th Nov, 2006.





### BIS signs MOU with Afghan National Standardization Authority (ANSA)

8.49 A Memorandum of Understanding (MOU) between Bureau of Indian Standards & Afghan National Standardization Authority was signed on 10 April 2006 at New Delhi .The MOU was signed by Shri Mr Svayam Prakash Sharma, Director General, Bureau of Indian Standards on behalf of BIS and Abdul Hai Khurasani Charge d, Affaires Embassy of Afghanistan on behalf of ANSA in the presence of Hon'ble President of Afghanistan Mr Hamid Karzai and Dr Manmohan Singh Hon'ble Prime Minister of India .

The MOU will facilitate closer cooperation and provide a mechanism by which the BIS &

ANSA would work together towards the common aim of strengthening standardization, certification, measurement and testing activities and facilitate sharing of expertise and exchange of scientific and technical information on issues relating to standardization.

### BIS signs MOU with Sri Lanka Standards Institute (SLSI)

8.50 Bureau of Indian Standards (BIS) has entered into a bilateral cooperation agreement with its counterpart in Sri Lanka, Sri Lanka Standards Institution (SLSI). The agreement was signed by Mr.S.P.Sharma, Director General BIS and Mrs. S.G. Weragoda, Director General, SLSI on 17th August 2006 at Colombo, Sri Lanka.

This agreement envisages cooperation with regard to services in the field of standardization and conformity assessment with an aim to facilitate the market access to each other's territory.



*The MOU was signed by Shri Svayam Prakash Sharma, former Director General, Bureau of Indian Standards on behalf of BIS and Abdul Hai Khurasani Charge d' Affaires Embassy of Afghanistan on behalf of ANSA in the presence of Hon'ble President of Afghanistan Mr Hamid Karzai and Dr Manmohan Singh Hon'ble Prime Minister of India.*

### CE Marking

8.51 CE mark is a kind of trade passport for entry of goods to EU consisting of 30 countries in the European Economic Area (EEA). CE marking is mandatory for wide range of products covered under many EU directives.





8.52 As part of implementation of the project EU-India TIDP funded by European Union, an Information Centre on CE marking has been set up at BIS to facilitate exporters/manufacturers getting right information quickly. A group of officers from BIS, STQC and EIC had undertaken study visit to some of the organizations responsible for operating the CE marking system in Europe. Most of the information related to CE marking has been provided through a link to BIS home page. Indian industries particularly small and medium enterprises (SMEs) who would be interested in exporting products, may find the information useful. Further information on specific query are also being attended from this Information Centre.

**International training programme at NITS, Noida - Thirty-Ninth International Training Programme On Standardization And Quality Assurance For Developing Countries**

8.53 Bureau of Indian Standards (BIS) has been organizing International Training Programmes on Standardization and Quality Assurance for the Developing Countries of Asia, Africa, Europe and Latin America every year since 1968. To take care of training needs of Industry, BIS had set up the National Institute of Training for

Standardization (NITS) in 1995. Since then, this programme is being conducted by NITS. The thirty ninth programme was conducted during 16 October - 08 December 2006. The Government of India offers limited number of Fellowships to the nominees of many Developing Countries under its Technical Assistance Plans for attending the programme. Besides the fellowships, some seats are also available on Self-Financing basis in which case the expenditure is met either by the sponsoring governments or by the candidates themselves. 42 participants attended this programme from 27 countries



*A participant in the NITS training programme being felicitated by Smt. Alka Sirohi, Additional Secretary (CA) & Director General, Bureau of Indian Standards*

**Third International Training Programme On Management Systems For Developing Countries**

8.54 Based on the wide demand from various developing countries, NITS





started the International Training Programme on Management Systems for Developing Countries during 2004 to cater to the needs of middle level executives of an organization. The third programme was held during 04 - 29 September 2006 and was attended by 22 participants from 17 countries.



*A participant in the NITS training programme being felicitated by Shri Yashwant Bhawe, Secretary (CA)*

from these activities is given in Table - 3.

**PUBLICITY**

8.56 BIS continued to publicize its activities through sustained use of mass media. Publicity activities targeted at common consumers were executed in Hindi and regional languages through radio spots, bus panels, hoardings, etc. Interviews and talks of BIS officials were telecast and broadcast from various stations of All-India Radio, Doordarshan Kendras and private TV networks. Monthly and quarterly bulletins and newsletters such as Standards India, EC Norm Scan, 'IT - Standards' etc were brought out regularly to keep the concerned interests informed on the developments in standardization at national and international level in specific fields.

**REVENUE MOBILISATION**

8.55 BIS derives its income mainly from certification, training institute and sale of Indian standards. The progress of income mobilization

8.57 BIS participated in a number of exhibitions/fairs in order to

**Table - 3  
Progress of Revenue Mobilization**

(Rupees in crores)

Sl.No.	Activities	Progress during	
		2005-06	Apr- Dec 2006
1.	Certification (incl. hallmarking)	112.235	95.43
2.	Training Institute	1.750	2.19 *
3.	Sale of BIS Publications	6.592	1.99
	<b>Total</b>	<b>120.577</b>	<b>99.61</b>

\* Includes notional income accrued on account of training of BIS officers/staff.



increase awareness among the consumers about the benefits of standardization. It also organized conferences and seminars all over the country to highlight the work undertaken in the field of standardization and quality systems.

### VIGILANCE ACTIVITIES

- 8.58 The Vigilance Department conducted vigilance audits of Branches of Marks Department at Mumbai, Hyderabad, and Jaipur and Western Region Office Laboratory. During these audits, meetings with BIS licensees/applicants, industry associations and consumer organizations at Western Regional Office, Mumbai; and Hyderabad Branch Office were organized to elicit direct feedback regarding complaints, if any; on the conduct and behavior of the BIS employees; suggestions/feedback for improvement in the BIS-licensee relations; and BIS systems/procedures to make them more simple, objective and transparent.
- 8.59 A number of grey areas in various norms, practices and systems were also identified during these audits and suggestions for improvement

were given to the concerned Activity Heads in BIS. A number of surprise inspections of the licensee units, particularly of packaged drinking water, were also carried out during these audits and as a result of these inspections, some licences were put under stop marking and a few more were processed for cancellation. Besides, vigilance investigations were initiated on instances of irregularities/non-compliance of procedures against various concerned officials from the above cases. Further, comments on provisions of different Indian Standards, particularly, IS 14543:2004 Packaged Drinking Water, were forwarded for consideration of the concerned Technical committees of the Bureau.

- 8.60 Vigilance Audit of five licensee units of electrical goods, covered under mandatory certification, located in China and operating BIS licences under the Foreign Manufacturers' Certification Scheme of BIS, were carried out by the CVO for the first time ever in October 2006. Recommendations from these audits have been put up to the Competent Authority in BIS for consideration.





# CHAPTER - IX

## WEIGHTS & MEASURES

9.1 The Weights and Measures laws in the country are enforced through **the Standards of Weights and Measures Act, 1976** and **the Standards of Weights and Measures (Enforcement) Act, 1985**. Through these legislations, the Government ensures that all weight or measure used for trade or commerce, for industrial production or for protection of human health and safety are accurate and reliable so that users are guaranteed of their performance. This in turn enables the consumer to get the right quantity/quality which he has paid for. With the developments in the field of Science & Technology coupled with economic liberalization policy being pursued by the Government, a number of state-of-art weighing and measuring instruments are being introduced in the Indian market rapidly. To accommodate these new types of weights or measures, their specification also needs to be adopted/updated. The Department has set in motion the process of incorporating new

specifications in General Rules, in alignment with the recommendations made by the International Organizations of Legal Metrology (OIML).

9.2 The Weights and Measures regulation in India also regulate the sale of commodities in “pre-packed form”. **The Standards of Weights and Measures (Packaged Commodities) Rules, 1977** require mandatory declaration of certain basic information on the packages to safeguard the interest of consumers. The Rules also require importers to provide certain basic declarations on imported packages, similar to those for indigenous packages.



*A view of the dias during Government and Industry Meet on amendments in Standards of Weights and Measures (Packaged Commodities) Rules, 1977 held on 26 December, 2006 in New Delhi*





### Indian Institute of Legal Metrology, Ranchi.

9.3 To impart training to the enforcement officials of Weights and Measures, the Institute has been running a four months basic-training course as also workshops and seminars of shorter duration on specific topics to update the knowledge of the enforcement officers on the latest developments in the field of legal Metrology. The Institute has been conducting training seminars on Consumer Protection for the non-judicial members of the State Commission, Districts Forum set up under the Consumer Protection Act. On an average, the Institute trains about 200 personnel a year.

### Regional Reference Standards Laboratories and Indian Institute of Legal Metrology

9.4 The Central Government has established 5 Regional Reference Standards Laboratories (RRSL) at



*Load cell Testing Facility at Regional Reference Laboratory at Faridabad*

Ahmedabad, Bangalore, Bhubaneswar, Faridabad and Guwahati. These RRSLs serve as a vital link in dissemination of the values of national standards of mass, length, volume etc. down to the commercial level. During the 10<sup>th</sup>



*Visit of German delegates to Regional Reference Standard Laboratory at Faridabad (UP)*

Five year plan, the Department has taken up schemes to modernize the RRSLs at Ahmedabad, Bhubaneswar, Bangalore and the Indian Institute of Legal Metrology at Ranchi which provides training to the enforcement officials of the States and UT s. The construction of a new laboratory building for RRSL Guwahati is likely to be completed shortly.

9.5 Apart from the statutory obligation of verification of legal standards of the States and conducting model approval tests of weights or measures, the RRSLs render metrological services to industries by undertaking calibration of their weighing and measuring instruments. Each laboratory on an



average provides calibration service to about 200 industries in the region.

9.6 Assistance is also being provided to State Governments to upgrade and modernize their working Standards Laboratories and secondary standard laboratories

with modern equipment under the Scheme of “Strengthening of Legal Metrology wing of the States and UTs in the country” with an outlay of Rs.24.72 crores. Under the Scheme, Rs. 6.78 crores have been given as “grant-in-aid” for purchase of standard balances.





# CHAPTER - X

## NATIONAL TEST HOUSE

### Introduction :

The National Test House (NTH) under the administrative control of Ministry of Consumer Affairs, Food & Public Distribution, Department of Consumer Affairs, Govt. of India, is a premier Scientific Institution of the country. It was established way back in 1912 under the then Railway Board and since then it has grown into a Laboratory of National importance in the field of Testing, Evaluation and Quality-control of various engineering materials and finished products. It is actively involved in all aspects of technology connected with industry, commerce, trade and standardization.

### Functions :

10.1 The main functions of the NTH are as under :-

- (i) Testing and evaluation of materials, products, equipments, apparatus and systems in practically all branches of Science and Technology except for food, pharmaceuticals, arms and ammunitions.

- (ii) Research and Development in testing and measurement technology and related areas including consultancy, for failure analysis and allied problems.
- (iii) Helping industries in developing indigenous products for import substitution and in their quality assurance programmes.
- (iv) Calibration at the level of Echelon-II and maintenance of proper standards and reference in areas of its competence.
- (v) Assisting the 'National Accreditation Board for Testing and Calibration Laboratories' (NABL) in accreditation of the testing and calibration laboratories.
- (vi) Association with Bureau of Indian Standards (BIS) for evolving of national and international specifications and standards.
- (vii) Training of Scientists, Technologists & Technicians in 'Testing and Measurement Technology'.





(viii) Providing Welders' Certificates to the prospective candidates, after they are being duly examined in the field.

10.2 NTH charges fees for the service rendered by it. National Test House also participates in various National as well as International Seminars and Symposia of relevance and arranges discussions and demonstrations for creating quality consciousness among small entrepreneurs and the public at large. It also arranges in-house training of its staff and encourages interaction with higher institutions of learning and research. Selected staff are sponsored for various specialized training courses in the country and abroad with a view to up-dating their knowledge.

**Organization :**

10.3 NTH with its Headquarters at Kolkata, functions through its six laboratories located in Kolkata (at Alipore and Salt Lake), Mumbai, Chennai, Ghaziabad , Jaipur and Guwahati.

10.4 The details of staff strength as on 31.12.2006 are given below:-

**Table - I**

	Gazetted	Non-Gazetted	Total
Sanctioned	204	509	713
Actual	155	408	563

**Testing, Calibration and Quality Assurance:**

10.5 The National Test House has been recognized as a member of various Boards, including the National Accreditation Board for Testing and Calibration Laboratories (NABL) Programme of the Deptt. of Science and Technology. Mechanical Calibration Laboratory of NTH (ER), Alipore, NTH (WR), Mumbai, NTH (NR), Ghaziabad and NTH (SR), Chennai have already been accredited by NABL and received the accreditation certificates, while the remaining labs. of NTH are under process of getting accreditation.

10.6 The Scientists of the National Test House are in constant touch with the industries, research institutes and other higher seats of learning through participation in Seminars/ Symposia etc. to keep themselves posted of the current developments in the field of testing and evaluation of materials. This helps the NTH in preparing future programme closely linked with national requirements.

10.7 The NTH is at present providing Testing and Evaluation facilities in the following main disciplines:-

- i) Civil Engineering;
- ii) Electrical and Electronics Engineering;

- iii) Mechanical Engineering (Heavy and Light);
- iv) Non-Destructive Testing;
- v) Rubber, Plastics and Textiles;
- vi) Chemical

### Committees Constituted for NTH:

10.8 Two high powered Committees exist to advise NTH on policy and various administrative matters. These are - (1) Executive Committee and (2) Technical Advisory Council.

#### (i) Executive Committee (EC) :

The Executive Committee of NTH (EC) has been reconstituted under the Chairmanship of the Secretary to the Ministry of Consumer Affairs, Food and Public Distribution to consider administrative and financial matters related to NTH. The Member-Secretary of the Committee is Director (ER). Members from Government Departments and Scientific and Technical Organizations have been nominated. EC Meeting is held to take decisions on the problems faced by NTH and its overall development. Last meeting of EC was held on 5.7.2006 at Kolkata.

#### (ii) Technical Advisory Council (TAC):

The Technical Advisory Council for NTH (TAC) works under the Chairmanship of DG (NTH) and the members have been nominated from BIS, New Delhi and Kolkata; NPL, New Delhi; Variable Energy Cyclotron Centre (VECC), BARC, Kolkata; Head of Electrical Engineering, Jadavpur University, Kolkata, Head, Mechanical Engineering Department of Bengal Engineering & Science University, Howrah; Under Secretary (IF Wing), Deptt. Of Consumer Affairs, New Delhi; along with all the regional heads of NTH as member. The Director, NTH (ER) has been nominated as Member-Secretary. The main functions of the Advisory Council is to advise for procurement of sophisticated equipment for NTH in various disciplines, modifications/deletion of present areas of work and addition of new areas/ activities in testing and calibration, identification of areas of cooperation and coordination between NTH and BIS. Last meeting of TAC was held on 17.3.2006 at Kolkata.





### Plan Activity :

10.9 To enable the NTH to play its role effectively in the field of quality control, material evaluation, standardization and assistance in industrial development, it has been brought under the Science and Technology Plan Scheme. The Scheme envisages augmentation and modernization of testing, facilities and setting up of Regional Test Houses, for the benefit of small scale industries in particular. The activities of the NTH are being regularly covered under the scheme since 5th Five Year Plan.

10.10 The allocation for NTH during the 10th Five Year Plan has been fixed to the tune of Rs.25.00 crores. In the Annual Plan 2005-06 an amount of Rs.5.66 Crores have been provided to NTH, of which an amount of Rs.1.65 Crores has been placed at the disposal of CPWD for implementation of "Land & Building" works and the balance amount for meeting the expenditure in procurement of Equipment and Machinery and recurring nature of items. During 2005-06, actual Plan expenditure of Rs.5.42 crores was incurred by NTH.

10.11 The total budget allocation for the 9th Five Year Plan was to the tune of Rs. 21.19 crores and the utilization was around to the tune of Rs. 18.97 crores i.e. approx.89.5%.

10.12 The total revenue earning in the 8th Five Year Plan was Rs. 4.50 crores, which has been doubled in the 9th Five Year Plan to approx. Rs.9.00 crores. The projection for revenue earning in the 10th Five Year Plan is around Rs.20.00 Crores.

### Facilities available:

10.13 Besides facilities for testing in almost all areas according to national and international specifications, facilities for Standards (Echelon-II level) and Calibration are available in Mechanical and Electrical areas in the Eastern Regional Centre. Similar facilities are also available, in a limited way, at other centres in northern, western and southern regions.

10.14 The NTH is also providing Industrial Quality Consultancy Services (IQCS) in the following specialized areas:-

- (a) Techno managerial service for setting up of testing and calibration laboratory.
- (b) Material identification consultancy in problems relating to import substitution.
- (c) Failure analysis for engineering materials and plant/system and remedial measures.

- (d) Quality improvisation of paints and allied materials, fine chemicals, pesticides etc.
- (e) Development of test and calibration methodology.
- (f) Strength, Serviceability and Durability (SSD) consultancy for civil constructions.
- (g) Interpretation of radiographs and grading of severity of defects with reference to standards.

10.15 NTH have a direct interaction with the customers for getting quotation for test fee, receipt of sample and testing charges etc. These aspects have been computerised and all the above work is done on a Single Window System. In addition to the above, redressal of public grievances for prompt and sympathetic attention is also available in all the units of NTH. A computerized web-based Management Information System (MIS) for both technical and administrative functions has been installed at NTH(ER), Kolkata. The main areas covered under the system are : Sample monitoring, Budget and Accounts monitoring, Personnel information and Document management system. A new NTH-Website of both Hindi & English versions has been hosted with multiple information

related to NTH. This website comprises some of the basic features like Right to Information Act , Citizen Charter etc. A ready reference related to sample testing status will be available in the website and secured soft copy of the testing & calibration certificates may be provided to the customers against their request.

**Testing of Samples :**

10.16 The number of Test Reports issued, Region/ Centre-wise is as follows:-

Name of the Region	2005-06	2006-07 (up to Dec-'06)
ER, Kolkata	3173	2772
WR, Mumbai	1388	1580
SR, Chennai	1495	1065
NR, Ghaziabad	2543	2187
NWR, Jaipur	820	1215
NER, Guwahati	679	435
<b>Total</b>	<b>10098</b>	<b>9254</b>

10.17 Laboratory-wise Performance of NTH :

**Activities of Special Importance :**

10.18 The expertise and wealth of experience of NTH is utilized to provide a major thrust in its modernization for protection of the consumers as well as for the Nation in judging the quality of their products. Some





(Para 10.17) (Rs. in lacs)

Sl. No.	Region	2005-06			2006-07(up to December-'06)		
		Non-Plan Expenditure	Revenue earned	% of revenue to Non-Plan Expenditure	Non-Plan Expenditure	Revenue earned	% of revenue to Non-Plan Expenditure
1	NTH(ER)	585.61	123.73	21.13	466.01	110.53	23.72
2	NTH(WR)	163.49	54.25	33.18	142.27	48.74	34.26
3	NTH(SR)	173.75	43.20	24.86	147.66	40.45	27.39
4	NTH(NR)	156.00	135.91	87.12	131.06	138.58	105.74
5	NTH(JPR)	46.56	30.38	65.25	42.37	34.99	82.58
6	NTH(GUW)	24.86	14.59	58.69	27.62	9.66	34.98
	<b>Total</b>	<b>1150.27</b>	<b>402.06</b>	<b>34.95</b>	<b>956.99</b>	<b>382.95</b>	<b>40.02</b>

milestones of which are as follows :

- Chemical (Paint) Laboratory has undertaken the testing and evaluation for different types of paints being utilised for the repair and maintenance of the famous Rabindra Setu (Howrah Bridge).
- Thermoplastic paints currently being used in the Quadrangular National Highway Project are mostly tested in Chemical Paint Laboratory.
- Non-Destructive Testing (NDT) Laboratory of NTH (ER), Kolkata has provided able assistance by carrying out crucial metallurgical analysis of imported Cycle Hub Cone. DDT (A prohibited pesticide) contamination in minute

level present in "Dicofol Pesticides" (an approved pesticide) has been determined by the Chemical Laboratory of NTH (ER), Kolkata with the help of Gas Chromatography - Mass Spectroscopy analyser.

- R&D Laboratory of SAIL, Ranchi has entered into a Memorandum of Understanding (MoU) with the Mechanical Calibration Laboratory of NTH (ER), Kolkata for calibration of their equipment and machinery.
- As a part of the social obligatory service rendered by NTH for the nation, Chemical Laboratory of NTH (NR), Ghaziabad has assisted "UP Jal Nigam" in analysing the potable water from a newly installed pump. The

test certificate issued by NTH (NR) regarding the quality of water for drinking purposes was endorsed by the Pollution Control Board, UP.

- Electrical Laboratory of NTH (SR), Chennai, has carried out following delicate analysis of various cable samples to evaluate cable quality :
  - (a) Temperature rise of cable at different ambient.
  - (b) Defect analysis of cable at CPCL, Manali.
  - (c) Analysis of cable camera.
- Assessment of the quality of Atactic Poly Propylene (APP) membrane in non-woven mat, received from Garrison Engineer, Mhow, UP, has been carried out by the Chemical Lab. of NTH(ER), Kolkata. The use of APP as water repellent to stop seepage of water at Defence Establishment-" Army War College" in Mhow, UP, is of immense value for the interests of the Defence Personnel.

- The Chemical Lab. of NTH(NR), Ghaziabad, participated in the prestigious project CMM-24 on "Pesticides Reference Material Project", launched by CSIR, New Delhi.
- Chemical Paint Lab. of NTH(ER), Alipur, Kolkata has assisted M/s. Berger Paints (India) Ltd., by evaluating the quality of High Build Paints, as per international specifications for promoting import substitution.

**Facilities added : (up to December-2006.)**

10.19 Sophisticated equipment (Imported & Indigenous) have been procured and some are under the process of procurement by the regions of NTH.

- A.** The names of some notable equipment/instrument purchased for augmentation/new facilities for testing are given below:-

Sl. No.	Name of the Equipment	Regions
1	Multi-Secondary Isolation Voltage Transformer	NTH (ER), Kolkata
2	Carbon Sulphur Determinator	NTH(ER), Kolkata
3	15 KVA UPS	NTH(ER), Kolkata
4	Brookfield Viscometer	NTH(ER), Kolkata
5	Dry Block Calibrator	NTH (SR), Chennai
6	Optical Emission Spectrophotometer	NTH (NR), Ghaziabad





B. The equipment to be procured by March, 2007 are as under:

Sl. No.	Name of the Equipment	Regions
1	Potentiometer Auto Titrator	NTH (ER), Kolkata.
2.	Color Bench Spectrophotometer	NTH (ER), Kolkata
3	Multi Function Calibrator	NTH (WR), Mumbai
4	Spares for Carbon Sulphur Determinator	NTH (SR), Chennai
5	Analytical Balance	NTH (SR), Chennai
6.	Optical Emission Spectrophotometer	NTH (SR), Chennai
7	Inductive Couple Plasma Spectrophotometer	NTH (SR), Chennai
8	Inductive Couple Plasma Spectrophotometer	NTH (NR), Ghaziabad
9	Gas Chromatography with Mass Spectrophotometer (GCMS)	NTH (NR), Ghaziabad
10	-do-	NTH (NWR), Jaipur

### Receipts and Expenditure :

10.20 The relevant details of receipts and expenditure at the six centres are given as follows:-

#### Receipts :

(Rupees in lacs)

Sl.No.	Name of the Region/ Centre	2004-05	2005-06	2006-07 (up to Dec-'06)
i)	ER, Kolkata	102.61	123.73	110.53
ii)	WR, Mumbai	44.24	54.25	48.74
iii)	SR, Chennai	30.67	43.20	40.45
iv)	NR, Ghaziabad	85.96	135.91	138.58
v)	NWR, Jaipur	44.03	30.38	34.99
vi)	NER, Guwahati	10.41	14.59	9.66
	<b>TOTAL</b>	<b>317.92</b>	<b>402.06</b>	<b>382.95</b>

10.21 Expenditure (Excluding Works Outlay) :

(Rupees in lacs)

	Name of the Region	2004-05			2005-06			2006-2007 (up to December-06)		
		Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
i)	NTH(ER) including Alipur & Hd.Qr.	299.63	542.95	842.58	262.46	585.61	848.07	131.99	466.01	598.00
ii)	NTH (WR)	16.22	152.71	168.93	21.37	163.49	184.86	9.29	142.27	151.56
iii)	NTH (SR)	14.71	171.86	186.57	13.94	173.75	187.69	11.81	147.66	159.47
iv)	NTH (NR)	38.78	148.14	186.92	42.03	156.00	198.03	28.91	131.06	159.97
v)	NTH (JPR)	7.01	42.42	49.43	18.58	46.56	65.14	5.56	42.37	47.93
vi)	NTH (GUW)	7.91	24.68	32.59	11.91	24.86	36.77	6.33	27.62	33.95
	<b>Total</b>	<b>384.26</b>	<b>1082.76</b>	<b>1467.02</b>	<b>370.29</b>	<b>1150.27</b>	<b>1520.56</b>	<b>193.89</b>	<b>956.99</b>	<b>1150.88</b>

**Public Grievance Set up in NTH :**

10.22 National Test House is a premier Scientific Institution engaged in testing, evaluation, quality assurance and standardization of materials and finished products. For the above mentioned services and activities there is a direct interaction with the public for getting quotation for test fee, deposition of sample and receipt for sample and test fee etc. These aspects have been computerized and all the above work can be done on a single window "Sample Room". These facilities are available in all the units of the NTH. In spite of the above, if there is any public grievance, redressal machinery for

prompt and sympathetic attention to it is also available in all the units of NTH.

**Vigilance :**

10.23 The cases of corruption are not much in this organization. However, every effort is being made to protect the honest and innocent officers and dealt with the corrupt officers severely. NTH has separate set-up to look after the vigilance matters, headed by the Vigilance officer at Head Quarters, Kolkata and Assistant Vigilance Officers in the rank of Assistant Directors (Admn) at the six regional laboratories of NTH. There are seven disciplinary /





vigilance cases in NTH. This figure excludes the cases already dealt with by the Vigilance Cell of the Department of Consumer Affairs, New Delhi.

### Viability study of NTH

10.24 IIM Kolkata which was entrusted recently with a study on viability of NTH with reference to its non plan expenditure in the coming years, has submitted its preliminary report. As per the preliminary report, the estimated non plan expenditure of NTH is expected to rise from Rs.12.34 crores in 2006-07 to Rs.21.15 crores in 2010-11. The revenues expected to be generated by NTH from testing and calibration services, training/ consultancy services and other new activities are expected to rise from Rs.5.28 crores in 2006-07 to Rs.11.50 crores in 2010-11. As percentage of estimated non plan expenditure, the revenues of NTH are expected to rise from 43% in 2006-07 to 54% in 2010-11.

10.25 NTH has spelt out the action taken/ proposed to be taken to achieve the above mentioned revenue projections, which, inter alia, include the following:-

(i) NTH has re-grouped its activities into three major areas - physico-mechanical, electrico-technical and

chemical for better utilization of scientists.

- (ii) A new Technical cadre comprising of 200 staff to assist the scientists in simple and common testing and calibration services and other relevant scientific and technical works is proposed to be introduced. It does not involve any increase in the existing overall sanctioned strength of NTH officers and staff.
- (iii) The ratio of 1:1:0.3 between Scientists, Technical Staff and Administrative Staff proposed by NTH would be reviewed by IIM after studying the productivity norms.
- (iv) Time for completion of tests has been reduced considerably, existing test and calibration facilities have been augmented and revenue from calibration services has increased.
- (v) NTH has initiated working groups for business development and customer care in all its regions and now receives substantially more samples from private sector.
- (vi) The actions proposed to be taken by NTH include, inter



alia, commencement of testing of packaged drinking water and new high value materials and products from 2007-08, development of well equipped training centre by 2007-08, setting up of centres of excellences in all regions in time so that these centres start generating revenue from 2008-09, and development of new business segments i.e. software testing and inspection service in 2008-09 and 2010-11 respectively.

10.26 The preliminary report has concluded that NTH is a scientific organization with leading role not only in testing and evaluation services but it also serves as a reference institution in its area of operation in national interest. 90% time of NTH scientists is devoted to commercial activities. In order to make NTH self-sufficient to fully meet its non plan expenditure during 12th Plan period, the preliminary report has suggested that NTH be set increasingly higher revenue targets as percentage of non plan expenditure from 50% in 2006-07 to 80% in 2010-11.





# CHAPTER - XI

## NUMBER OF SC/ ST / OBC / PH / EXM OFFICERS

11.1 The instructions issued by the Department of Personnel and Training from time to time regarding representation of Scheduled Caste/Scheduled Tribes/OBCs/PHs in direct recruitment and promotion to various grades and services were followed.

11.2 The number of persons belonging to Scheduled Castes, Scheduled Tribes. Other Backward Castes, Physically Handicapped and Ex-Servicemen employed in the Department of Consumer Affairs and its attached/subordinate offices are indicated as under:-

**STATEMENT SHOWING THE NUMBER OF SC/ST/OBC/PH/EXM/ WOMEN  
(As on 31.12.2006)**

Group of Post	Sanctioned Strength	Total Number of employees in position	Number of employees out of Col.2 belonging to								
			SC	ST	OBC	PH			EXM	Women	
						VH	HH	OH			
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	
Group A	215	146	23	6	2	1	-	-	-	1	17
<b>Group B</b>	174	141	17	3	2	-	-	-	-	-	31
Gazetted											
Non-Gazetted	186	120	18	5	23	-	-	-	-	-	22
Group C	405	350	81	21	20	1	2	4	3	68	
Group D	271	246	77	18	23	2	3	3	8	16	
<b>TOTAL</b>	<b>1251</b>	<b>1003</b>	<b>216</b>	<b>53</b>	<b>70</b>	<b>4</b>	<b>5</b>	<b>7</b>	<b>12</b>	<b>154</b>	

VH – Visually Handicapped, HH – Hearing Handicapped, OH – Orthopaedically Handicapped, EXM – Ex-serviceman  
 Note: The compilation includes information in respect of the Deptt. of Consumer Affairs and the following attached/ subordinate offices of the Deptt., National Test House-Kolkata, Forward Markets Commission-Mumbai, National Consumer Disputes Redressal Commission-New Delhi., Indian Institute of Legal Metrology-Ranchi., Regional Reference Standards Laboratories- (Ahmedabad, Bangalore, Bhubaneshwar, Faridabad, Guwahati).







## CHAPTER - XII

### SEXUAL HARASSMENT OF WOMEN AT WORKPLACE-CONSTITUTION OF COMPLAINTS COMMITTEE

12.1 In order to implement the guidelines of Hon'ble Supreme Court on prevention of sexual harassment of women at work place, a complaint committee was constituted in the Department of Consumer Affairs on 3<sup>rd</sup> August, 1998 which has been reconstituted on 8.1.2007 under the Chairpersonship of Joint Secretary (CA) in the Department. This Complaint committee has been entrusted with the work relating to the time bound treatment of complaints for redressal of grievances made by victim women employees. In addition, this Cell also functions as a Women's Cell which broadly covers the following areas:

- a) To attend to and to co-ordinate the action for improvement of working conditions for women employees of the Department.
- b) To attend to and expedite action on the complaints received from the women employees.

c) Other general areas concerning the welfare of women employees.

12.2 Being a small Department, sexual harassment as such is not perceived as much of a problem, nor has this Cell in this regard received any complaint during the year. However, interactive meetings are held periodically with all lady employees of the Department to get first hand information regarding their problems, if any, so that remedial measures could be taken.

#### BUREAU OF INDIAN STANDARDS

12.3 Following the guidelines and norms laid by the Hon'ble Supreme Court in Vishaka & Ors *Versus* State of Rajasthan and Ors, the Sexual Harassment Committee was set up in the Bureau of Indian Standards headed by a lady officer with half its members being women. The Committee has NGO representation.





12.4 Regular Sensitization Programmes on Sexual Harassment are being conducted in coordination with the Central Board for Workers' Education under the Ministry of Labour.

12.5 Notices prohibiting sexual harassment as defined in the Supreme Court judgment of 1992 are prominently displayed in the office premises.

# CHAPTER - XIII

## PROGRESSIVE USE OF HINDI

### COMPLIANCE WITH THE OFFICIAL LANGUAGES ACT AND RULES FRAMED THEREUNDER

- 13.1 During the year, appropriate action was taken to ensure implementation of the provisions of the Official Languages Act and the Rules framed thereunder.
- 13.2 For ensuring compliance with the provisions of the Official Languages Act, 1963 and rules framed thereunder, check points have been set up in the Department. Effective steps were taken for the adherence to these check points.
- 13.3 The attached/subordinate offices under the Department wherein 80% or more than 80% of staff (except Group "D") have working knowledge in Hindi have been notified in the Gazette of India as required in Rule 10(4) of the Official Languages ( use for Official Purposes of the Union) Rules, 1976. Orders to make all correspondence in Hindi under rule 8(4) of the said Rules have also been issued by the Department and the offices so notified under rule 10(4).

### REVIEW

- 13.4 The Annual Programme for the year 2006-2007 for implementation of the Official Language Policy of the Union, issued by the Department of Official Language as well as orders issued by them were circulated in the Department and to all the attached/subordinate offices/corporations for compliance. Progress made in this regard was reviewed through the quarterly reports received from them and critically discussed in the meetings of the Official Language Implementation Committee.
- 13.5 Regular meetings of the Official Language Implementation Committee, set up in the Department, to review the progress made in implementation of Official Language policy in the Department as well as in its attached/subordinate offices were held during the year. Emphasis was laid in the meetings on innovative ideas for promotion of Hindi as also for complementary use of regional languages.





13.6 Two meetings of the Hindi Salahkar Samiti of the Ministry were held during the year and follow up action was taken on the decisions taken therein.

### INCENTIVE SCHEMES

13.7 The scheme for awarding cash prizes to Central Govt. Employees for noting and drafting in Hindi continued to be implemented during the year.

13.8 Special incentive for Hindi typing in addition to English typing continued to be given to employees of the Department.

13.9 The Department observed Hindi fortnight from 1.9.2006 to 15.9.2006. During this fortnight, various competitions were organised with a view to encourage the officers/employees of the Department for doing their official work in Hindi. The winners of these competitions were suitably awarded.

### OTHER ACTIVITIES

13.10 Steps were taken to ensure progressive use of Hindi for correspondence with Hindi speaking States and Union Territories.

13.11 Employees untrained in the Official Language, Hindi stenography and Hindi typing were nominated for training in the respective field.

13.12 The quarterly magazine "Upbhokta Jagran" meant for creating awareness among the consumers for their rights continued to be brought out both in Hindi and English.

13.13 To impart training in noting and drafting in Hindi, workshops were organised in the Department.

13.14 The Department has achieved the target of expending 50% of Library fund on Hindi books. In addition to this, Hindi News papers, Magazines and journals were purchased regularly for the library of the Department.

13.15 Continuous efforts are being made to encourage progressive use of Hindi in official work not only in the Department but also in its attached and subordinate offices. Inspections were conducted to watch the progress in this regard.

13.16 This Department received third prize for the year 2004-05 under the series of Indira Gandhi Rajbhasha Puruskar.

### National Test House

13.17 Implementation of Official Languages Act 05: In this regard 100% implementation in is being achieved by NTH Kolkata. Branch Offices have also tried to achieve 100% implementation.

- 13.18 Implementation of section 3(3) NTH, Kolkata has achieved 100% implementation in this regard. Branch offices have also tried for 100% implementation.
- 13.19 Cash Award in noting & drafting: 04 employees from NTH (ER), Kolkata have been awarded under this Scheme. (02 first prize & 02 second prize).
- 13.20 Meeting of the OLIC were held regularly & resolutions taken were implemented also.
- 13.21 Observance of Hindi Fortnight : As in the past, in NTH Kolkata Hindi Fortnight has been observed from 1<sup>st</sup> September. During this fortnight different competitions. ie. Essay , Debate, extempore reading, (for group 'D') O.L. competition, Slogan & Poster competition were held along with the prizes for successful candidates, consolation prizes were also given to all the participants. On the eve of the inauguration DG. NTH declared Cash Award Scheme for the Group 'D' employees for doing work in

- Hindi, During the Fortnight 'Lingulstic Harmony day' was observed on 11.09.2006.
- 13.22 Besides NTH Kolkata, NTH, Mumbai, Chennai, Ghaziabad & Jaipur also observed Hindi Fortnight/Hindi Week. NTH, Chennai & Ghaziabad published in-house magazine in Hindi during the Fortnight.
- 13.23 From NTH, Kolkata 04 employees were being trained in Hindi Typing & 03 Employees were being trained in Pragma course.
- 13.24 Website was prepared in Hindi & efforts were made to issue Test Certificates in Hindi to some extent.

### **BUREAU OF INDIAN STANDARDS**

- 13.25 Various steps have been taken for implementation of the provisions of the Official Languages Act in the day-to-day work. A number of articles, general orders, office notes, press communiqués and covering letters of draft Indian Standards and amendments were issued in Hindi.





# CHAPTER - XIV

## DEVELOPMENT OF NORTH EASTERN REGION

### PRICE MONITORING IN NORTH-EASTERN STATES

14.1 Price monitoring based on the daily and weekly price reports on 14 essential commodities from the North Eastern States continued.

### WEIGHTS AND MEASURES

14.2 The establishment of a Regional Reference Standards Laboratory (RRSL) at Guwahati at an estimated cost of Rs.470 Lakhs to provide verification of standards of Weights and Measures to the States of the North Eastern region is nearing completion. The laboratory will also provide calibration facilities for measuring instruments used by industries in the region. The project, among other things, includes construction of a building to house the laboratory.

14.3 During 2006-07, an allocation of Rs 1.0 Crores has been made under the Plan side, for the project as per the following break up:

i)	Machinery and Equipment	Rs. 0.1 Crore
ii)	Major Works	Rs 0.74 Crore
iii)	Establishment Expenditure	Rs 0.16 Crore

14.4 To meet the immediate requirements, the laboratory has been functioning at a temporary premises at Guwahati since August 2001. Some essential equipment needed have already been procured and the laboratory is carrying out some of its basic functions.

### BUREAU OF INDIAN STANDARDS

14.5 Bureau of Indian Standards has got a Branch Office at Guwahati, which caters to the Quality Control, Certification and training needs of the industries of the North Eastern Region comprising 7 states – Assam, Arunachal Pradesh, Tripura, Manipur, Meghalaya, Mizoram and Nagaland. Guwahati Branch Office (GBO) is providing information regarding standardization, certification of products and the quality management systems. It is also guiding the prospective products licensees in setting the laboratories for obtaining the Certification Marks Licence. It also provides information on the certified goods to the State Governments.





14.6 At present, **175** BIS licences (162 licences on product and 13 licences on Hallmarking) are in operation in North Eastern States. Three licences have been granted on Certification of bamboo products in GBO (First in All India basis). State-wise distribution of licences is given below :-

Assam	-	-	-	106
Tripura	-	-	-	21
Manipur	-	-	-	4
Arunachal Pradesh	-	-	-	0
Mizoram	-	-	-	2
Meghalaya	-	-	-	32
Nagaland	-	-	-	10
			<b>Total</b>	<b>175</b>

14.7 GBO has got a laboratory attached to it. GBOL has got complete testing facilities for testing of galvanized steel sheets (plain and corrugated), M.S. wire rods for general engineering purposes and partial testing facilities for High strength deformed steel bars, structural steel, corrugated and semi-corrugated asbestos cement sheet and A.C. fittings.

14.8 GBO is coordinating with the state governments through State Level Committee meetings for standardization and quality systems. It is also coordinating with different state departments for implementation of various Central Quality Control Orders which

brought various products under Mandatory Certification. The SLC meetings were held in Tripura (22-02-2006) and Arunachal Pradesh (18-01-2006).

14.9 GBO is also coordinating with SISL, CIPET and Manav Sarathi, an NGO in conducting Consumer Awareness Programmes in different states of North East. Twelve Consumer Awareness Programmes and Hallmarking Awareness Programme were organized in different places of North Eastern Region like, Guwahati, Agartala etc.

14.10 During this period, 8 enforcement raids were carried out at Guwahati and 12 cases pertaining to enforcement raid has been launched for prosecution in the Court. Verdict of 2 cases has been given and in both the cases, the accused has been convicted. Wide publicity was given in local media. GBO has also participated in exhibitions at Guwahati (2 nos), Shillong (1 no.) and Agartala (1 no.) to create awareness about BIS activities among the general public. GBO has received an award for best participant from PSU Sector in the 7<sup>th</sup> International Expo 2006 recently held i.e. from 01-11-2006 to 16-11-2006. GBO had put up a stall to educate masses of North Eastern Region about BIS activities and it has got tremendous response from



the people who had visited the said Expo. GBO has also put up hoardings on Hallmarking Scheme and Product Certification in all the state capitals of North East. It has a full-fledged library for BIS standards and also a sales counter for providing assistance to industries, consumers and the students of the North Eastern Region.

14.11 GBO celebrated the World Standards Day on 14 October 2006 which was chaired by Shri S. Sonowal, Commissioner & Secretary (Industries), Govt. of Assam, Shri S.K. Jain, President, Federation of Industries and Commerce of North Eastern Region and Prof. U.S. Dixit of IIT, Guwahati addressed the gathering on the topic of "Standards : Big benefits for small business".

14.12 GBO has got translated publicity brochures on Hallmarking of Gold

Jewellery "Myths about Standard Mark" and "What to look for in Standard Mark" from English to Assamese for distribution at the exhibitions and the awareness programmes.

**CONSUMER WELFARE FUND**

14.13 During the current financial year (up to 30-10-2006) an amount of Rs. 15.73 lakhs have been released to 1 State Government and 3 organizations of the north-east region as grant-in-aid from the Consumer Welfare Fund.

**Grants sanctioned to North-East Region:-**

**NATIONAL TEST HOUSE**

**Report on the Projects and Schemes being operated in the North Eastern Region of National Test House at Guwahati, since its inception.**

(Para 14.13)

State / Organisation	Amount ( Rs. )
1) Department of Food, Civil Supplies & Consumer Affairs, Government of Mizoram, Aizawl. ( State level Convention & Workshop)	11,72,480/-
<i>Distt Consumer Information Centres:</i>	
1) SC/ST Backward Women & Children Development Organisation in Rural Areas, Thoubal, Khunon, PO/Distt- Thoubal, Manipur.	75,000/-
2) Nagaland Tribal Rural Development Association, Old Dairy Farm Road, Post Box No.196, Purana Bazar, Dimapur, Nagaland- 797112.	2,50,000/-
3) Resource Center for Social Welfare and Community Development, Japhou Bazar, Post & Distt- Chandel, Manipur.	75,000/-
<b>Total</b>	<b>15,72,480/-</b>





14.14 A Satellite branch of NTH was established in the year 1996 at C.I.T.I Complex, Kalapahar, Guwahati-781016 which was taken at a very nominal rent from Govt. of Assam with a view to meeting the Testing, Evaluation & Quality Control requirements of materials and finished products from the North-Eastern region of the country.

14.15 At present, NTH(NER), Guwahati, provides the following services to the clients :

- (i) Testing & Quality Evaluation of various Engg. Materials, viz., Civil, Chemical, Textile, Mechanical etc.
- (ii) Providing Training in Testing Methodologies for Cement, Water, Paints, General Chemicals, Steel etc.
- (iii) Providing Consultancy Services in the field of Laboratory Set-up, Packaged Drinking Water, Ceramic Materials etc.
- (iv) Participating in the Project work undertaken by various NGOs and other organizations, depending on the existing facilities in NTH(NER), Guwahati.

14.16 During the 10<sup>th</sup>. Plan period (2002-07) the total revenue earned by

NTH, Guwahati, from **April-'02** **December-'06**, is Rs. 46.56 lakh

14.17 NTH(NER) has a scope to play a vital role in the movement of growing industrialization of the region, in both sectors of " Agro-based" and " Mineral-based" industries. As such, the future planning for this region is as under:

- (i) Augmentation of the existing Chemical Laboratory by creating test facilities for testing of bituminous products, Tea including Residual Pesticides Analysis, Gas Analysis, etc.
- (ii) Augmentation of the existing Civil Laboratory by creating test facilities for testing of Mix-Design, Sanitary wares, Refractories, and Non-destructive tests of Civil Engg. Products.
- (iii) Opening of new laboratories in the field of Rubber, Plastic & Textile Engg. and Mechanical Engg. Testing facilities for Tea will be created in this region.

14.18 The Govt. of Assam has been provided Rs. 15.83 lakhs from the Department of Consumer Affairs, for transferring a land measuring 22,600 sq.ft. (approx) to NTH at Greater Guwahati in the existing premises at Kalapahar, Guwahati.

# CHAPTER - XV

## INTEGRATED FINANCE DIVISION

### INTRODUCTION

15.1 The Integrated Finance Division of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs) is headed by Additional Secretary and Financial Adviser who is overall in charge of Budget and Accounts Section in addition to the Internal Finance Section.

### FUNCTIONS

15.2 It is the duty of Integrated Finance Division :-

- (i) To ensure that the schedule for preparation of budget is adhered to by the Ministry and the Budget is drawn up according to the instructions issued by Finance Ministry from time to time.
- (ii) To scrutinize budget proposals thoroughly, before sending them to Ministry of Finance.
- (iii) To see that complete departmental accounts are maintained in accordance with the requirements under the General Financial Rules. It

should, in particular, be ensured that the Ministry not only maintains accounts of expenditure against the Grants or Appropriations directly controlled by it but also obtains figures of the expenditure incurred by the subordinate offices so that the Ministry has a complete month to month picture of the entire expenditure falling within its jurisdiction;

- (iv) To watch and review the progress of expenditure against sanctioned grants through maintenance of necessary Control Registers and to issue timely warnings to Controlling authorities where the progress of expenditure is not even;
- (v) To ensure the proper maintenance of the Register of Liabilities and commitments as required under the G.F.Rs. to facilitate realistic preparation of budget estimates, watching of book debts and timely surrender of anticipated savings;





- (vi) To screen the proposals for supplementary demands for grants; see that the results of such evaluation studies are taken into account in the budget formulation;
- (vii) To advise the Administrative Ministry on all matters falling within the field of delegated powers. This includes all powers other than those devolving on a Ministry in its capacity as Head of Office. It has to be ensured by I.F. Division that the sanction issued by Administrative Ministry in exercise of delegated powers clearly indicates that they issue after consultation with IF Division;
- (viii) To identify, in particular, specific savings in cases of creation of posts and to maintain a Register for this purpose;
- (ix) To scrutinize proposals for re-delegation of powers to subordinate authorities;
- (x) To keep himself closely associated with the formulation of schemes and important expenditure proposals from their initial stages;
- (xi) To associate himself with the evaluation of progress/performance in the case of projects and other continuing schemes, and to
  - (xii) To watch the settlement of audit objections, Inspection Reports, draft audit paras, etc;;
  - (xiii) To examine foreign deputation proposals in respect of officers of the Department as also employees of Bureau of Indian Standards, an autonomous body under Administrative Control of Department of Consumer Affairs;
  - (xiv) To represents Central Government in various Committees of the BIS, i.e. Finance Committee, Standing Staff Committee and Executive Committee of BIS;
  - (xv) To ensure prompt action on Audit Reports and Appropriation Accounts, Reports of Public Accounts Committee, Estimates Committee and Committee on Public Undertakings;
  - (xvi) To screen all expenditure proposals requiring to be referred to Finance Ministry for concurrence or advice;
  - (xvii) To ensure regular and timely submission to Finance



Ministry of quarterly staff statements and other reports and returns required by Finance.

**DEPARTMENTALISED PAYMENT AND ACCOUNTING ORGANISATION**

**ORGANISATIONAL SET UP:**

**Action Taken Notes on the Outstanding Audit Reports of the C & AG**

- 15.3 All the 'Action Taken Notes' on the audit observations included in the C & AG's Reports upto 2005 have already been sent to the Monitoring Cell in the Ministry of Finance after getting them vetted by the O/o the Pr. Director of Audit.
- 15.4 In respect Audit observations included in the C & AG's Reports for 2006 following is the status position of outstanding paras :-

15.5 The Accounting Organization works under overall supervision of the Controller General of Accounts, Department of Expenditure Ministry of Finance, for the Civil Ministries/Department of the Govt. of India as a whole. However under the departmentalized Accounting System, the Secretary of Department of Consumer Affairs is the Chief Accounting Authority who discharges his duties through and with the help of Additional Secretary & Financial Adviser and Chief Controller of Accounts of the

Sl. No.	Para No.	Present Status
1.	6.10 of Report 1 of 2006	Final reply sent to Monitoring Cell in Ministry of Finance on 22.12.2006 after vetting by Audit.
2.	7.13 of Report 1 of 2006	Final reply already sent to the Monitoring Cell in the Ministry of Finance on 24.11.2006 after vetting by audit.
3.	Report No. 14 of 2006	This report exclusively relates to the Performance Report on Implementation of Consumer Protection Act and Rules. Action Taken Notes on this point is being finalized for onward submission to the Monitoring Cell after getting it vetted by Audit.
4.	1.1.2 of Report No. 3 of 2006.	The ATN has been got approved and sent to Audit for vetting.





Department of Consumer Affairs. The Budget division of the department is also works under the Chief Controller of Accounts.

15.6 The departmentalized payment and accounting organization of the Department of Consumer Affairs has four Pay and Accounts Offices located at New Delhi, Mumbai, Chennai and Kolkata besides one Principal Accounts Office located at New Delhi. The Chief Controller of Accounts is the Head of the payment and accounting organization in respect of Department of Consumer Affairs as well as Food and Public Distribution, which too has 4 Pay and Accounts Offices located at New Delhi, Mumbai, Chennai and Kolkata.

**JOB FUNCTIONS:**

15.7 The Payment and Accounting Organization under the Chief Controller of Accounts is responsible for:-

(i) Arranging payments, through Pay and Accounts Offices and cheque drawing and disbursing officers of pay and allowances, provident fund claims, office contingencies, miscellaneous payments, loans and advances to Government Servants and

others as well as grants-in-aid. There are 8 PAO's, 2 CDDO & 40 Non-CDDO's in the Ministry of Consumer Affairs, Food and Public Distribution. The Non-CDDO's present their claims/bills to the accredited PAO's who issue cheques after scrutiny of the bills. The CDDO's are authorized to make payments for salaries and contingent claims after observing the relevant checks. The CDDO issues cheques on the basis of Letter of Credit (LOC) issued in their favour by the PAO's to the accredited bank branches.

- (ii) Issuance of Pension Payment Orders (PPO) in respect of retiring Government servants and payment of retirement benefits.
- (iii) Supervision & Monitoring of Utilization Certificates.
- (iv) Maintenance of records of Loans and Grants in Aid to State Govt. /PSU/ Autonomous Bodies.
- (v) Budget formulation including the "Outcome" and "Performance Budget" of the Department.
- (vi) Preparation of Receipt Budget.

- (vii) Estimation and flow of non-tax revenue receipts for the Deptt. Of Consumer Affairs.
- (viii) Disclosure and reporting requirement under FRBM Act-2003.
- (ix) Technical Advices to Ministry/ Department / PSU / Autonomous Bodies.
- (x) Review of Expenditure under Modified Cash Management System.
- (xi) The Internal Audit Unit is responsible for conducting the Inspection and internal audit of office of all the DDOs and other auditable units of the Departments of the Ministry. "Value of Money Audit" i.e. performance audit is also being taken up by the internal audit wing of the Ministry.

15.8 **The Principal Accounts Office** of this Ministry generates periodic reports like the monthly accounts and the annual accounts. The monthly accounts fulfill the need of the administration in the matter of financial decision making as well as prudent management of Food. The annual accounts represent a fairly accurate view of the financial stewardship of the Department during the year. The Principal Accounts Office compiles the monthly accounts submitted to it by the various PAOs through

another software called "CONTACT". The consolidated account of the Ministry is sent to the Ministry of Finance, Controller General of Accounts for further consolidation of accounts of the Union of India. Several reports are generated by using 'CONTACT'

15.9 In the **PAO's Offices**, COMPACT software covers the major accounting tasks of the PAO's and supplies input to the CONTACT software working at the Principal Accounts Office. It is designed and developed with an attempt to address all the Software System Attributes such as availability, portability, security and maintainability. The features of the software are:

- (i) It is at the lowest level of accounting and it provides information to the higher levels of accounting system for further processing.
- (ii) It covers all the major accounting and payment functions i.e. Pre Check, Budget, Compilation, GPF and Pension.
- (iii) It aims at generation of Monthly Consolidated Accounts data in the electronic format for incorporation of the Principal Accounts Offices in the CONTACT Software database.





- (iv) It is to provide various managerial reports for expenditure analysis like Expenditure Control Register, Receipts versus Expenditure comparison, Date wise Monthly Statement (DMS) etc.
- (v) It would help in preparation/ printing of cheques to be issued by the PAOs.

15.10 **E-Lekha** is G2G e-governance initiatives. The scope of the COMPACT software is now extended to generate a daily closing accounting and administrative data sub set, which can be exported to a central data base server at the end of each day from each PAO. As and when the data from each of the 300 odd PAOs are received at the Database server, this web-based application will facilitate an ONLINE Financial Information System for fact based fiscal management.

15.11 **The Internal Audit** is managed by three Audit Parties, two at Kolkata and one at Headquarters New Delhi. The periodicities of audit of the DDOs are in accordance with the relevant provisions of the Internal Audit Manual of this organization. On completion of Audit, inspection reports are compiled and vetted by the officer incharge and issued to the

concerned administrative heads and concerned DDOs for compliance and remedial action.

15.12 During the financial year 2005-06, 46 units (PAO & DDO's) and 10 Grantee Institutions came under the preview of Audit. However, only 43 units & 10 Grantee Institutions could be audited in 2005-06. 7 outstanding civil units for the year 2004-05 have also been completed by the Internal Audit unit. Steps are being taken to clear backlog arising mainly due to non-constitution of Headquarters party.

15.13 A number of paras raised by audit has resulted in recovery of over payments. Suggestions were also made by Internal Audit Parties to DDOs for proper maintenance of records and Accounts. Also advised to make payments in accordance with the rules and provisions of the Govt. of India.

#### **ACHIEVEMENTS (up to December' 2006):**

- (i) The Internal Audit unit conducted internal audit of 43 units.
- (ii) Account at a glance for the financial year 2005-06, Scheme –Wise Expenditure, sanctions regarding advices to state Govt. etc. are available on the ministry web-sites.
- (iii) The audits of Non-Governed Organization has started from this financial year.

- (iv) The excess amount of Rs.18450 which was deducted on account of commission by Central Bank of India has been recovered from them.
- (v) A conference of DDO's of Deptt of Consumer Affairs has been organized during the month of November 2006 to discuss the shortcomings of DDO's in respect of automation of account.
- (vi) Clearance amounting to Rs.9221969 in the books of Ministry of Commerce and Industry (Supply Division) under Cheques and Bills is hereby accepted by this office through Proforma B.

**CASH SECTION:**

15.14 Under merged DDOs scheme Cash Section works under Chief Controller of Accounts and is responsible for payment of salary, personal claims of officers and staff of Department of Food and Public Distribution and contingency payments.

**MISCELLANEOUS**

15.15 The accounts in all PAOs are compiled and generated through the computers. The accounts are received through accounts floppy in the Principal Accounts Office where they are further consolidated through a separate software package. The softwares have been developed by NIC.

15.16 The Controller General of Accounts under the Ministry of Finance, who is responsible for overall control and compilation of the accounts of all the Ministries and presentation of Finance Accounts and Appropriation Accounts in the Parliament has introduced another software package "COMPACT" to be utilized in all the PAOs. The said package would help in diarising, passing of the bills, payments and compilation of the accounts right from the point of the presentation of the bill besides settlement of GPF and pension cases. The staff is being trained with a view that the said package becomes operational at the earliest.





Statement showing BE, RE and Actuals in respect of Department of Consumer Affairs for fiscal year 1999-2000 to 2006-07.

(Rs. In Crore)

Year	Demand No.	Budget Estimates			Revised Estimates			Actuals		
		Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
1999-2000	8	16.50	9.66	26.16	14.00	24.08	38.08	13.36	13.02	26.38
2000-2001	40	10.00	12.06	22.06	9.50	42.71	52.21	9.86	44.23	54.09
2001-2002	36	8.50	37.55	46.05	10.77	63.24	74.01	9.24	60.90	70.14
2002-2003	39	10.15	52.48	62.63	7.50	75.33	82.83	7.13	88.85	95.98
2003-2004	18	9.67	24.76	34.43	9.67	32.98	42.65	8.24	34.85	43.09
2004-2005	18	18.25	32.55	50.80	18.25*	64.81	83.06	36.11	43.26	79.37
2005-2006	17	107.94	56.90	164.84	90.00	59.89	149.89	86.09	34.04	120.13
2006-2007	17	163.00	68.00	231.00	150.00	52.66	202.66	114.50	24.72	139.22**
2007-2008	17	213.00	57.24	270.24						

\*Additional funds to the extent of Rs. 20.00 crores provided under Plan Schemes in final Supplementary Grant for 2004-05.

\*\* Provisional expenditure upto December 2006 (Gross)



# CHAPTER - XVI

## SCHEMES FOR THE BENEFIT OF THE PERSONS WITH DISABILITIES

STATEMENT SHOWING THE NUMBER OF PERSONS WITH DISABILITIES IN VARIOUS GROUPS (As on 31.12.2006)

Name of Ministry/Department: Consumer Affairs Office/Organization:

S.No.	Group of Post	Sanctioned post	No. of PH employees		
			VH	HH	OH
1.	2.	3.	4.	5.	6.
1	Group A	215	1	-	-
2	Group B	360	-	-	-
3	Group C	405	1	2	4
4	Group D	271	2	3	3
	<b>Total</b>	1251	4	5	7

VH – Visually Handicapped  
 HH – Hearing Handicapped  
 OH – Orthopaedically Handicapped





“A Customer is most important visitor on our premises. He is not dependent on us. We are dependent on him. He is not an outsider on our business. He is part of it. We are not doing him a favour by serving him. He is doing us a favour by giving us an opportunity to do so.”

Mahatma Gandhi



Government of India  
Ministry of Consumer Affairs, Food and Public Distribution  
Department of Consumer Affairs  
Krishi Bhawan, New Delhi - 110001  
Websites : [www.fcamin.nic.in](http://www.fcamin.nic.in), [www.core.nic.in](http://www.core.nic.in)