

## **I. Sub-Group Report on Consumer Awareness and Education (including Misleading Advertisements)**

Report of the Sub-group on “**Consumer Awareness and Education (including Misleading Advertisements)**” is divided in four parts. Part I provide background and highlights the importance of consumer right to education and awareness. In addition, it also provides review of Tenth Plan in the context of activities pursued by the Department of Consumer Affairs in relation to the budgetary support made available under the Plan period. It further provides information in regard to new initiatives adopted, implemented and finalized by the department within the Plan period in order to provide further boost to consumer protection movement with a thrust on activities, schemes and programmes relating to consumer education and awareness. Part II deals with strategies to be adopted and strengthening of existing schemes and programmes, particularly in relation to consumer education and awareness activities in a more expanded and outreach manner. Part III deals with misleading advertisements and unfair trade practices and highlights the problems and harm associated with these. This part also makes suggestions for improvements at the operational levels so that rights and interests of consumer are protected effectively. Part IV contains recommendations and suggestions emerging from the discussions and deliberations of the sub-group in the interest of consumer right to education and awareness as provided under the CPA.

### **Executive Summary**

#### ***Major recommendations and suggestions are as follows:***

1. The importance of consumer right to education needs to be aggressively pursued by broad basing the approach, through enlistment of the state governments, local VCOs, PRIs etc. to address the consumer concerns at the District and Taluka levels through PPP's. **(Para 1.2, 1.4,2.3)**
2. To provide further boost to the consumers' right to education and awareness, the sub-group recommends for increased budgetary support under the Eleventh Plan to expand the existing Schemes/ Programmes such as:

- Multi-media campaign; **(Para 6)**
- Advocacy for consumer education and awareness; **(Para 8.1)**
- Consumer education in schools and colleges through consumer clubs; **(Para 8.2)**
- Promoting involvement of, Research institutions/Universities/Colleges etc. in consumer protection and consumer welfare; **(Para 8.3)**
- National Consumer Help line; **(Para 8.5)**
- Consumer Online Research and Empowerment (CORE) Centre; **(Para 8.6)**
- Comparative testing of products and services. **(Para 8.7)**

2. The following new initiatives of the Department need to be supported:

- ❖ Setting up of Better Business Bureau in collaboration with major industry associations like CII, FICCI, ASSOCHAM etc.
- ❖ Instituting award for industries on the basis of their responsiveness to consumers and effectiveness of complaint management system at company level. Similar awards to recognize efforts of media, educational institutions, consumer clubs, consumer fora, vcos etc. will be introduced.
- ❖ Setting up of Centers of Excellences in IITs, IIMs and other reputed Institutions for continuous studies/research in Consumer Protection.
- ❖ Setting up of Centre for Consumer Studies (CCS) at IIPA, New Delhi.
- ❖ Facilitating Class action suits for major consumer problems in collaboration with leading consumer organizations.
- ❖ Setting up a network of laboratories for testing of food and other common consumer products. **(Para 8.8)**

a) CLAAP: Consumer Legal Action and Advocacy Programme

**(Para 19.4)**

4. Internal Consumer Complaint Redressal System needs to be promoted as the first step in the direction of efficient, effective and reliable mechanism in the interest of consumer justice system. Idea

of Ombudsman at the sectoral level viz; Banking Ombudsman, Insurance Ombudsman, Electricity Ombudsman etc. has been appreciated and suggested that on the same line efforts should be made to establish Ombudsman Mechanism for redressal of grievances especially in the service sector. **(Para 11.4)**

5. It has been suggested that the realistic, aggressive, flexible and proactive approach in spreading consumer education and awareness through popular media (Print Media, Radio, T.V., Internet, Mobile outdoor, Publicity etc.) in a big way, needs additional resources to generate different programmes for identified target groups with focus on regional language and rural areas.

**(Para 11 &13)**

6. It has strongly been recommended that a Regulatory Authority to handle Misleading Advertisements including indecent contents in advertisements should be established and made functional within the Ministry of Consumer Affairs. The Authority should be autonomous and independent from the government and industry.

**(Para 12.5)**

7. There is a strong need to rope in journalists to write on consumer affairs and thereby to promote consumer education and awareness. The sub-group suggested measures for this to happen as follows:-

- a. Consumer protection as a subject may be introduced as a part of journalism syllabus.
- b. Award for journalists for outstanding reporting/writing on issues related to consumer affairs may be introduced.
- c. Institution of fellowship for journalists doing useful research in the area of consumer protection may be thought of.

**(Para 13.8)**

8. Strong need was felt to increase the involvement of State Governments as well as Panchayati Raj Institutions (PRIs) in the multi media campaign. They will be involved in capacity building as well as advocacy. It is suggested that a small percentage (about 20 percent) of the budget allocation for 'Consumer Affairs' in a state should be allocated to 'Publicity'.

**(Para 13.9)**

9. Recognition and award to the institutions and individuals for their innovative, promotional or facilitative contributions in the area of consumer affairs may be instituted for the sake of expanding base of active players who can make their contributions towards promotion of consumer education and awareness. **(Para 14)**
10. It has been agreed by the sub-group that PPP approach in the area of activities under the Department of Consumer Affairs such as BBB, though delicate, be pursued in an unbiased and impartial manner while implementing schemes and programmes relating to consumer affairs. However, it has been emphasized that the PPP has to be consumer-centric and needs to be such that it delivers a strong relationship not only for prompt complaint redressal but also for sharing information in terms of performance and delivery system. **(Para 15)**
11. The need and importance of strong and reliable partnership amongst the Ministries, Departments and Organisations in the Central Government dealing with consumer affairs has been emphasized. Accordingly, the need of effective and efficient coordination amongst these institutions has been highlighted. It is suggested that a Standing Committee consisting of Secretaries of the Ministries concerned should be set up under the Chairmanship of Cabinet Secretary to coordinate the Publicity and Consumer Awareness efforts of the Government. **(Para 13.1)**
12. The concept of setting up of Chairs of Excellence in the area of Consumer Affairs at Universities and other national institutions such as IIMs, IITs, Law Universities, Research and Training Institutions etc. needs to be supported to ensure involvement of educational institutions in the area of consumer protection on a long term, structured and sustained basis for research, training and teaching. This will include introduction of consumer affairs as a part of syllabus in the colleges and universities particularly in the faculties and the departments of social sciences, commerce, law, public administration, engineering, sciences. This can be achieved with the support of Bar Council of India and UGC. **(Para 16&16.2)**

13. Awarding research fellowships for M.Phil and Ph.D students in selected institutions and universities in the thrust areas as listed under Para 16.2 (a to h) have been recommended. **(Para 16.3)**
14. University and College libraries should be given the grant over the Plan period to acquire books, journals etc in the thrust areas of consumer affairs. **(Para 16.4)**
15. The XI Plan should provide support for publications on relevant areas in relation to consumer affairs. **(Para 16.5)**
16. Ensuring active involvement of educational institutions from school to universities in their specialized areas having implications for consumers' education and awareness have been suggested on the ground that young, energetic and future India lives in Schools, Colleges and Universities. Therefore, efforts should be made to ensure that by the end of the Plan period there should be a consumer club in 50,000 selected schools and 20,000 college in the country **(Para 16.6 &17.3)**
17. It is suggested that the selected VCOs should be used as Resource Centres for school consumer clubs to develop audiovisual material, organize competitions, produce T.V programmes, run mobile vans for schools and organize teacher-training workshops. **(Para 17.2)**
18. It has strongly been suggested that the outcome of the comparative testing needs to be publicised and popularised in the interest of consumers. Therefore, the activities of Consumer Voice and CERC and their publications needs to be expanded. These and similar publications need to be encouraged to be published in regional languages so that the same could be distributed to schools, college, public libraries and PRIs to facilitate wider reading. **(Para 18)**
19. The subgroup strongly recommends the extension and expansion of existing awareness projects such as NCH, CORE and Scheme on "Promoting Involvement of Research Institutions, Universities, Colleges etc. in Consumer Protection and Consumer Welfare" with an additional outlay. **(Para 19)**

20. CLAAP: Consumer Legal Action and Advocacy Programme, new project to provide face-to-face counselling and redressal assistance to the aggrieved consumers is recommended for support.

(Para 19.4)

21. The need to have in place evaluation mechanism to assess the impact of awareness campaign and of other schemes and programmes has been strongly suggested.

(Para 20)

## PART – I

### 1. Background

1.1. Education is the most powerful tool for the progress and prosperity of the country. It is a social and political necessity. Undoubtedly knowledge is power. It is the education, which transform the individual's personality, enriches the mind, sublimates the emotions and illuminates the spirits. Education leads to liberation – liberation from ignorance, liberation from subjugation, liberation from exploitation, liberation from superstition and liberation from prejudice. Education has a well-defined role in creating conditions of change. In today's fast moving world the frontiers of knowledge are enlarging with incredible swiftness contributing to emergence of knowledge society. The importance of education in general and the consumer's education and awareness in particular, cannot be overemphasized. It goes without saying that informed, educated and aware consumers are assets to the society. Education and information bring independence, which in turn contributes to the growth and development of individual's personality. Informed and educated citizen is considered to be *sine quo non* for the success and well functioning of the constitutional democracy. The importance of this has well been recognized under the Right to Information Act, 2005 which gives emphasis on the informed citizenry and transparency of information as vital components for the effective and meaningful functioning of the democracy. In the same way educated and informed consumers are facilitative to the functioning of the markets. Education and information help the consumers in making rational choice and protection of their rights and interests from trade and business exploitation. A combined reading of Articles 21 A, 45 and 51A(h)

of the Constitution, Right to Information Act, 2005 and Consumer Protection Act, 1986 in relation to right to consumer education becomes a priority concern, to be supported by the appropriate instrumentalities of the government.

**1.2** One of the dominant factors for the efficient functioning of national markets is the level of consumer awareness generated in the country. Where the literacy rate is high and social awareness is greater, the consumers cannot be easily exploited. Two third of India' population is now literate. This may not be a very happy situation. However, good thing is that the growth of literacy has overtaken the population growth resulting in a decrease in absolute number of non-literates for the first time since independence. National Literacy Mission and continuing education schemes are providing opportunity of learning to the large number of people in the country. The level of consumer awareness varies from State to State depending upon the level of literacy and the social awareness of the people e.g. the consumer awareness level is fairly high in the Southern States.

The main reasons for low level of consumer awareness in India are:-

- Vastness of the country with a large population of which is below poverty line, i.e. nearly 30% population.
- The consumers are not able to assert and protect themselves due to the economic inequality, low level of literacy and ignorance and therefore, easily get exploited by the trade, industry and service providers.

Given the current level of socio-economic scenario in the country and the infancy of the consumer movement, there is a need to educate consumers about their rights and responsibilities through a concerted publicity and awareness-building programme.

The yardstick for judging whether the consumer awareness in a country is adequate or not can be seen through the ability of its citizens to get their due, free from any kind of exploitation and to get their voice heard as consumers, through the legislative and institutional framework available.

The Department of Consumer Affairs has been taking a number of steps to spread consumer awareness in the country, also by involving other

Departments under Central, State Governments, VCOs and consumer activists etc. to have a coordinated effort.

- 1.3** Creation of awareness among consumers about their rights at districts and taluka level needs to be given high priority because of less education and poor knowledge. Often people living in far remote and rural areas do become victims of unlawful trade practices being adopted by wrongdoers,.

In view of this, a national awareness programme requires to be launched aggressively at the district level through State Government and local VCOs for the benefit of most vulnerable categories of consumers such as:

1. Women and children;
2. Youth;
3. Farmers and rural families;
4. Middle and working class.

- 1.4** Consumer education is meant to ensure that the consumers have easy access to the knowledge and skills essential to be informed consumers. Thus the right to consumer education envisages the right to knowledge and skills needed for taking actions to influence factors, which affect consumers' decisions.

Consumer education also explores the wider dimensions of consumerism, beyond pure economic transactions and touches upon social, environmental, political, local, national and global concerns. It can be used as a form of consumer protection, and can reduce burdensome regulation on industry, if it is well executed.

- 1.5** The right to consumer education is recognized under the Consumer Protection Act, 1986. The Union and State Governments have accepted the introduction of consumer education in school curriculum and progress has been made in some states. The IGNOU (Indira Gandhi National Open University) and Universities like Kota Open University are offering distant education on consumer education. Such courses/ programmes are focusing on the rights and responsibilities of the consumer and the role of government and voluntary agencies in consumer education. One such course offered is PGDCEL (Postgraduate Diploma in Consumer and Environmental Law). West Bengal started a Diploma Course (1-year) on

Consumer Affairs through Distance Education in collaboration with Netaji Subhash Open University. Some of the formal educational institutions are also offering graduate/post graduate courses on consumer issues. However, the thrust so far is quite unsatisfactory and has left the educational sector by and large untouched.

## 2. Consumer Rights

2.1 The importance of consumer rights lies in their enforceability and enforceability of these rights depend largely on level of consumer education and awareness. In other words, it is not enough to have dynamic consumer laws in the country. There must be an equal thrust on education of all citizens on the consumer rights available to them and the mechanisms through which these rights, if violated, can be redressed. History of rights, jurisprudentially speaking, is largely the history of fights about rights. To have rights is one thing and to be rights conscious is entirely another.

2.2 The rights of consumer which are being sought to be promoted and protected through the legislative mandate available under the Consumer Protection Act, 1986 *inter alia* include:

- (a) the right to be protected against marketing of goods and services which are hazardous to life and property;
- (b) the right to be informed about the quality, quantity, potency, purity, standard and price of goods or services, as the case may be to protect the consumer against unfair trade practices;
- (c) the right to be assured, wherever possible, to access to variety of goods and services at competitive prices;
- (d) the right to be heard and to be assured that consumers interests will receive due consideration at appropriate fora;
- (e) the right to seek redressal against unfair trade practices or restrictive trade practices or unscrupulous exploitation of consumers; and
- (f) the right to consumer education.

2.3 From all these rights, it is the right to consumer education that can be said to have an **over arching** importance since this is the gateway through

which all other rights can be secured. In other words, right to consumer education forms the bedrock on which the edifice of other consumers' rights stand. Therefore, the durability of super structure depends on the strength of the foundation. If the foundation is weak then the super structure is bound to collapse.

### **3. Awareness of Consumer Protection Act, 1986**

After the enactment of the Consumer Protection Act, 1986, the first independent evaluation of the implementation of this Act was through a study by the IIPA in 1994, where it was found that a large majority of consumers belonging to various categories and income groups were still completely ignorant of the existence of the CPA and the redressal agencies created under it. Of the 1168 respondents, interviewed on a random sampling basis in 10 districts of 5 States, awareness of the Act was only 16.44%. **The majority of consumers both in urban and rural areas of the districts under study indicated that they had not taken advantage of the Act mainly because of lack of awareness of their rights and remedies available to them under the CPA.**

### **4. Review of Consumer Awareness in X Plan:**

Eleven years later, the position had improved only marginally as is seen from the findings of a survey commissioned through ORG Centre for Social Research by the C&AG. In a survey conducted in July-August, 2005 in 25 States / UTs covering 48,732 consumers, 6237 complainants, 249 manufacturers / service providers, 39 NGOs and 34 laboratories, the survey found that only 34% of respondents were aware of consumer rights whilst as high as 82% were unaware of the CP Act.

- 4.1. Nearly 49% of the aware consumers claimed to know of the Act only in the last 4 years although it had been in existence for the past 18 years.
- 4.2. Only around 13% of the respondents reported as being aware of the existence of any redressal agency.
- 4.3. Out of the 6657 complainants before consumer courts interviewed in the survey, 48% stated that their knowledge of redressal agencies was

through electronic media, 61% was through print media and 68% through friends / relatives. Only 4.9% claimed NGOs as their source of awareness. These details have been flagged consciously to enable measurement of progress against these benchmarks as we go along. Details of the survey are at **Annexure I**.

## **5. Consumer Awareness Thrust Area and Enhancement in Budget**

Consumer awareness and protection has been recognized as a major thrust area for the Government of India consequent to a decision taken in the 50<sup>th</sup> National Development Council (NDC) meeting held on 21-12-2002.

- 5.1. It is relevant to mention here that during the Tenth Plan, the allocation of the Department of Consumer Affairs was merely for **Rs.55.00 crore** for the entire Plan period out of which **Rs.15.50 crore** was for consumer protection and awareness. The allocation year-wise for consumer awareness during the Tenth Plan and actual expenditure incurred thereof may be seen at **Annexure II**.
- 5.2 As may be seen from **Annexure II**, from a level of Rs.3.05 crore for consumer awareness in 2002–03, due to the unstinted support of the Planning Commission, the allocation for this activity saw an upward revision to Rs.69.97 crore in 2005-06 and Rs.69.40 crore in the terminal year of the Tenth Plan.

## **6. Multi-media Campaign (2005-07)**

- 6.1 With the substantial increase in plan resources from the year 2005-06, the Department was able to draw up an ambitious multi-media campaign on consumer awareness after enlisting the services of three top advertising agencies in the country, duly following the bid procedure.
- 6.2 It had been fondly hoped that this media campaign of the Department would be designed and guided by these empanelled advertising agencies (M/s Mudra, Rediffusion and Everest). However, whilst their contributions did initially enrich the consumer awareness campaign, their performance

started limping due to perceived lack of inducement and creativity. The claim of these agencies was that they had originally been given to understand that they would not only be designing the creatives and spots for the print and electronic media but that such releases to the media would also be through them, in which case they would be entitled to the commission issued by media houses against such releases. Apart from lack of inducement they were handicapped by lack of understanding and information on the detailed subject matter relating to consumer rights. For this selected national level VCOs were asked to provide inputs to aid the work of those empanelled ad agencies.

6.3 As per existing advertising policy of the Central Government, steered by the decision of the Committee of Secretaries in its meeting on 19.2.1991, all **advertisement to the media** by Government Departments have to be routed through the Directorate of Advertising and Visual Publicity. This policy has been strictly complied with by this Department, although not agreeing to it in spirit.

6.4 Considering the dimension and nature of the consumer awareness campaign, the Department has in the past, attempted to secure a more liberalized dispensation, taking this proposal to the Empowered Finance Committee on 17-1-2006 and to the Cabinet Committee on Economic Affairs on 22-6-2006. With the CCEA expressing its desire to maintain status quo on the matter, the Department has had to consider viable alternatives in consultation with the Ministry of Information & broadcasting, which is the nodal Department administering Government's media policy.

## **7. Physical Output in X Plan:**

7.1 The major thrust in consumer awareness through Plan funds during the ongoing Plan period has started only from 2005-06 since earlier, the consumer awareness activities lacked cohesion due to inadequate availability of funds. In consultation with the I&B Ministry, an inter-ministerial Multi-Media Committee was put in place for over seeing the campaign. This Committee also has representation from the media and VCOs.

7.2. Out of this campaign has been born the '**Jago Grahak Jago**' brand which has now become a recognizable name to the literate consumers in the

country, having been used in a blitz print media campaign, in English, Hindi and regional languages. **Annexure-III** is a sample of this campaign.

- 7.3. Consumer awareness was carried out simultaneously through the electronic media, largely through 30 second spots on T.V. and radio jingles on topics ranging from MRP to gold Hallmarking, BIS / ISO certified products, expiry dates and consumer rights. All through the campaign, whilst information on consumer courts have been disseminated, the focus has been on empowering the consumer to enable him on taking informed decisions, advising him on in house redressal mechanisms available with retailers, manufacturers and service providers, before he chooses to take his grievance before a consumer court. This has been a deliberate strategy in order to avoid a deluge of complaints in consumer courts which would first need to have its existing infrastructure strengthened before being in a position to handle higher volume of cases.
- 7.4. In the current year, the media campaign has taken a more structured shape. A Media Plan delineating proposed activities against available funds during the year, is now in position. Apart from the Multi Media Committee, an Empowered Committee has also been set up now under the Chairmanship of Secretary (CA) to approve the annual Media Plans and to guide the campaign.
- 7.5. However, despite the involvement of professional advertising agencies for contributing inputs, the campaign has gone through periods of highs and lows due to waning interest of the empanelled advertisement agencies because of what they see as a non-remunerative package deal.
- 7.6. The campaign is being sought to give a fillip through further consultations with the Ministry of I&B for production of TV programs.
- 7.7. In order to extend the spread of the campaign, outdoor publicity has been included in the Media Plan. Close involvement of State Governments and PRIs is being sought through Central assistance to States / UTs from the current financial year. Under this scheme, funds to the tune of Rs. 10-15 crore are being proposed to be released to States /UTs to facilitate translations / dubbing of existing media materials into local language and for outdoor publicity including 'hat' campaigns and innovative

programmes. The need is to provide higher allocation to states for building consumer awareness in regional languages during XI plan.

## **8. Advocacy**

**8.1** Consumer awareness is also being targeted through NGO/VCO interventions supported through the Consumer Welfare Fund created in 1992 under the Central Excise and Salt Act, 1944. Assistance from this Fund has been extended for programmes on consumer awareness by NGOs/VCOs, setting up of District Consumer Information Centres and Jagriti Shivar Yojana. All these have been closed after a decision of the Department to support only such projects, which were of national scale and having wider coverage of consumers. For the smaller projects of local relevance, State Governments and UT Administrations have been empowered to create their own Consumer Welfare Fund with the Central Government contributing an initial 50% as seed money. The Central assistance for Special Category States (North East, Sikkim, Himachal Pradesh, Uttaranchal, Andaman & Nicobar Islands) is 90%.

### **8.2 Consumer Awareness in Schools**

In the X plan period up to 2005-06, CWF has extended financial assistance to the tune of Rs 33 crore, including Rs. 8.69 crore in 2005-06. Consumer education has been gaining popularity in the Universities/ Colleges/ Schools and has been receiving greater attention from the print/ electronic media. The Department of Elementary Education and Department of Secondary & Higher Education in the Ministry of Human Resource Development and State Governments need to be involved to include consumer protection/ consumer education in the school curriculum since youth is the bedrock of our future.

A scheme was launched in 2002; according to which a consumer club is to be set up in each Middle/High/Higher Secondary School affiliated to a government recognized Board. A grant of Rs.10,000/- per consumer club for 2 years is admissible under this scheme. This scheme has been decentralized and transferred to the State/UT Governments with effect from 1<sup>st</sup> April 2004. Till the end of March 2006, 4661 consumer clubs have been sanctioned in the States of Andhra Pradesh, Tripura, Maharashtra, and Gujarat. Orissa, Rajasthan, Karnataka, Tamilnadu, Jammu & Kashmir,

Haryana, NCT of Delhi, Punjab, Sikkim, Lakshadweep, Himachal Pradesh and Arunachal Pradesh.

### **8.3 Promoting involvement of Research Institutions/ Universities/ Colleges etc, in consumer protection and welfare:**

Bureau of Indian Standards organizes education utilization of standards programmes in various polytechnics and engineering colleges to educate the students at college level. Efforts are being made to increase the number of such programmes and popularize them.

This scheme has been launched 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 and conferences on consumer related topics and to provide necessary inputs for the formulation of policy/programme/schemes for protection and welfare of the consumers. Proposals received from Universities/Colleges/ Research Institutions for conducting seminars, conferences, workshops, consumer festivals, research/evaluation studies are processed to sanction grants and then publish results of such studies in the form of books, monographs and pamphlets on consumer education and awareness.

The Indian Institute of Public Administration (IIPA), New Delhi, has been identified as the nodal organization to administer the scheme. Till March 2006, 291 applications were received and 95 applicants have been recommended for sanction of grant.

### **8.4 Training Workshop for University/ College Teachers**

IIPA as the part of the above scheme, *inter alia*, evolved a training workshop on “Consumer Protection and Consumer Welfare” of five day duration for University and College Lecturers and was able to organize six such training workshops. About 142 lecturers/ readers of the Universities and Colleges of different states have so far attended the programme. The major objective of the programme is to create resource persons on long term basis in Universities and Colleges in the area of Consumer Protection with a view to provide fillip to the consumer education and awareness programmes in educational institutions. There are positive responses on

the impact of such programmes because these resource persons have started activities relating to consumer protection in one form or the other in their respective institutions.

#### **8.5 National Consumer Help line:**

A National Consumer Help line project has been established in coordination with Delhi University, Department of Commerce on 15-3-2005. 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. Maximum calls received from this Help line are found to be related to telecom, courier, banking, insurance, financial services etc. On an average 6000-7000 calls are received every month by the NCH from more than 25 States and UTs. Sectoral details may be seen at **Annexure - IV**.

#### **8.6 Consumer Online Research and Empowerment (CORE) Centre:**

A Consumer Online Research and Empowerment (CORE) Center has been set up in collaboration with Consumer Coordination Council (CCC). 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. It also provides e-counseling and mediation for consumer problems. The CORE project was formally launched on 15<sup>th</sup> March 2005. **Annexure-V** show break up of complaints received at CORE up to 30-9-2006.

#### **8.7 Comparative Testing of Consumer Products and services:**

VOICE Society, New Delhi, has been sanctioned a five year project for Comparative Testing of Products and Services with the objective of ensuring product quality and safety, by executing an MoU with the Department at a total approved cost of RS.2.25 crore for initial period of two years. The project includes regular monitoring of Quality Standards of products and Services through comparative testing, publication and marketing to disseminate information to consumers through the magazine '**Consumer Voice**' in English and Hindi. A total of 10 products were taken up for testing during the first year. These include Chilli Powder, Potato

chips, Disinfectant fluids, Jams, Health drinks, Lipsticks, Mosquito propellants, Mono pump sets, Juicer Mixer Grinders, Colour T.V. The comparative testing is undertaken in six NABL accredited labs according to operational norms and procedure approved by government.

The comparative testing of Consumer products is also done by Consumer Education and Research Centre (CERC) at its in-house laboratory in Ahmedabad. The categories of products tested include food and pharmaceuticals, electrical appliances and cosmetics & medical devices. The results of the testing are disseminated through their magazine 'insight' published once in two months, Government provided support when the lab was set up and another project to support this work is under consideration.

## **8.8 Other New Initiatives:**

Following schemes are under finalization for setting up National level projects in collaboration with leading consumer organizations, industry associations and academic institutions like IITs, IIMs, IIPA, IIFT and reputed central Universities to provide consumer education training and research on a more structured and sustained basis.

- ❖ Setting up of Better Business Bureau in collaboration with major industry associations like CII, FICCI, ASSOCHAM etc.
- ❖ Instituting award for industries on the basis of their responsiveness to consumers and effectiveness of complaint management system at company level.
- ❖ Setting up of Centers of Excellences in IITs, IIMs and other reputed Institutions for continuous studies/research in Consumer Protection.
- ❖ Setting up of Centre for Consumer Studies (CCS) at IIPA, New Delhi.
- ❖ Facilitating Class action suits for major consumer problems in collaboration with leading consumer organizations.
- ❖ Setting up a network of laboratories for testing of food and other common consumer products.

## **9. Media Exposure:**

- 9.1 The only media used so far are the print and TV spots. The campaign in its present form is unable to influence the editorial content in the media. It does not possess the means and the ability to see publication of

consumer interest material like news and features, cartoons, illustrations, quizzes and games, photos etc. Similarly it does not cover outdoor or mobile publicity or internet. Widening of the campaign is to be done by including more media available, especially to reach the rural areas.

- 9.2. **Educational Institutions Left out:** In its present form the campaign leaves out Universities, colleges and schools. The younger generation, which is likely to be most influenced by the awareness, campaign is not being consciously targeted at present. Educational institutions are need to be covered in a planned and focused manner because young and future India lives therein.

## 10. Evaluation:

- 10.1. The need for independent evaluation of the on going consumer awareness campaign through both Plan and Non-Plan (CWF) sources is being acutely felt particularly after the mounting of a big budget publicity campaign since the last fiscal. Keeping this requirement in mind, a limited evaluation of the consumer awareness initiative through Plan funds has been commissioned in the current year through the Indian Institute of Mass Communication, New Delhi. As per the interim evaluation study report conducted in five states covering 15 districts and 60 villages the findings *inter alia* are as follows:

10.1.1 Over 60 percent in all the states except West Bengal stated that that they were aware of the consumer awareness campaign. In W.B , the percentage was 47 .

10.1.2 Awareness was highest in Delhi at 75.4 percent, Maharashtra 74.45%, Karnataka 65% and Madhya Pradesh 62.4%.

10.1.3 In all the states, TV was said to be the major source of information about the consumer awareness campaign or the JAGO GRAHAK JAGO campaign whilst except in MP where radio took 2<sup>nd</sup> place, in all the states, the next source of information was the print media. The summary of interim report is at **Annexure-VI**.

- 10.2 Seven more states (Assam, Arunchal Pradesh, Punjab, Tamil Nadu, Gujarat, Orissa and Rajasthan) covering 21 districts and 84 villages have also been taken up for survey in the same exercise and final report is awaited.
- 10.3 In house tools for concurrent evaluation of the ongoing campaign have been available in the form of the NCH and CORE schemes, which are calls logged in at the website or to the toll free national help line by consumers seeking advice on various grievances related to services or products. The popularity of these initiatives may be said to be directly linked to the impact being made by the publicity campaign, as evident from the nature of calls/queries. Details have been covered in earlier discussion in paras 8.5 and 8.6 above.

## PART – II

### Eleventh Plan Strategy

To provide further realistic and aggressive impetus to consumer awareness and education following strategies to be vigorously followed during the Eleventh Plan period.

#### 11. Realistic Ads in Media

- a) Campaign has to be more result oriented so that individual consumers on their own or with the help of consumer groups get complaints resolved without much loss of time, energy, efforts and expenditure. It should feature real life cases with particulars of complainants, opposite parties, issues involved, effective resolution of the complaint and the time within which they have been resolved with all hard facts, names and other details.
- b) The campaign should be effective and useful by inspiring confidence among the consumers that they are not helpless and they are able to get effective redressal. Campaigns should be appealing, brief, focussed and effective. Slogans having a punch can be used. The campaign so far has been identified by its slogan ‘**Jago Grahak Jago**’ with the intention of waking up consumers to their rights. In the Eleventh Plan, the campaign could graduate to a higher level where consumers are exhorted to “**ASSERT RIGHTS, PURSUE REMEDIES.**” The connotation of the slogan hence would be that the campaign has a dynamic dimension and has progressed beyond the wake up call to consumers.
- c) Another important aspect is to let the campaign give information to the consumers about leading judgments/orders passed by the National Consumer Disputes Redressal Commission (NCDRC), and the State Consumer Disputes Redressal Commissions (SCDRC), which will inspire confidence among the consumers and complainants that, our Consumer adjudicatory bodies are effective. This could be by way of releasing such judgments in T.V. and Radio through dramatized serials.

**11.1. Multimedia Publicity** Campaign on Consumer awareness should be guided by the findings of the Evaluation study furnished by IIMC on choice of specific media particularly in the rural areas in different states.

## **11.2. Consumer Education**

First of all, what is needed is a holistic policy for consumer education and better re-sourcing of activities geared towards consumer education. There are many opportunities for delivering consumer education and much good work is being done across the country. There is a need to find out how all the present initiatives relate to each other. There is also a need to look at the international best practices. Consumer education is still a poorly understood concept. A coordinated approach is needed to get the best from all involved. The main stakeholders – government departments, industry, consumer groups, education and advice providers, interest groups and community agencies – need to work together.

The following are some of the steps that need to be taken:

- To begin with we should target particular groups of the population and priorities the needs of those with specific gaps.
- One needs to ensure that consumer education is accessible, appropriate, flexible, adoptable and relevant.
- There is need for introducing consumer education in the basic curricula of the education system.
- Incorporate certain values in consumer education, like concern for finite resources of the planet and the environment.
- Strengthen the consumer club scheme with full coverage.
- Educational programmes need to be flexible and responsive in nature. Consumer education can be made more relevant when linked to different situations such as at school, at home, while in a public place, etc. Locally, peer education can be an effective tool. Parent education programs and family support programs can help parents make good decisions on behalf of their young children.
- An effective consumer education programme should also cover training of teachers belonging to schools, colleges and universities to enhance their exposure to content and ideas relevant for consumer education.

- There is need for support of the national stakeholders becoming involved, or more involved, in delivering consumer education, especially when it comes to expensive educational messages and using the media – television, national magazines and national radio. These would include various government department and industry bodies.
- Government departments are looked to when it comes to such matters as providing good practice and funding to locally based organisations that have direct contact with consumers.
- Consumer education programmes should be flexible in nature – able to respond to the needs of specific groups of consumers.
- Key community figures can also provide consumer education, in the form of peer education.
- Effective consumer awareness efforts depend on the participation of individuals and organizations in various walks of life. The media have a strong role to play, as do community organizations, educational institutions and religious groups.

There is a strong need for Mapping of impact of consumer education. This must be done at different levels and at different intervals to assess the reach of the consumer education programs:-

- front-line work with consumers;
- within established community setting;
- at school with teachers;
- with the media;
- at policy level;
- at industry or service provider level.

### **11.3 Structuring of Existing Advocacy Initiatives**

During the XI Plan the following thrust areas may be focused on through CWF for wider coverage of consumer awareness and quicker resolution of complaints.

- ❖ Project on Comparative Product Testing, which is being implemented by VCOs like VOICE and CERC to be widened so as to cover larger number of products and services and also strengthened so that consumers can access findings for making informed decisions whilst

buying. In the XI Plan, there is an urgent need to support such activities in a more vigorous manner and to bring such information to the common consumer in a language they are able to understand. The Ministry should also address the issue of enhancing the capacity for comparative testing for evaluating a larger number of products and services on a continuing basis over the XI plan.

Finally getting products testing is not the end. The results emerging from such testing should be made public in a language understandable by the common consumers and at the time when the purchase is made at the market place or prior to taking the purchase decision. There is a great need to promote all such publications or magazines, which carry such information on comparative testing. XI Plan should provide sufficient resources towards the publicity, publication and dissemination of results of comparative testing of products and services.

- ❖ Consumers in rural areas are less aware of their rights than the Urban. Hence a concerted effort may be made to rope in organized groups like Self Help/ Women associations/ student-teacher community etc. to reach out to people in rural areas.
- ❖ Consumers even if they are aware of their rights, hesitate to go to consumer fora because of inordinate delay in procedures. Hence institutional mechanism for alternate redressal mechanisms, out of court settlements, may be encouraged.
- ❖ Apex Industry associations and representative bodies of organized sector may be approached to motivate their member units to set-up in-house complaint redressal mechanisms. They should be encouraged to follow ISO 10001, 10002 and 10003 standards for internal and external complaint redressal systems.
- ❖ Regulatory bodies for specific industries like Banking, Electricity and Insurance have set a good example by using their regulatory powers to ensure that company level redressal mechanisms are set up as the first point of resolutions of consumer complaints. They have also set up ombudsmen as intermediary adjudication mechanism, which provide out of court settlement of grievances. Ombudsman system in banking

and insurance sectors has been very useful while some state electricity regulatory commissions have also set up ombudsman recently. There is need to develop and set-up ombudsman in other areas like Telecom and Cable, Travel and Tourism, Medical Services, Domestic appliances, financial services, Housing and real estate among others.

- ❖ DCA has already started projects like CORE and National Consumer Help line to address consumer complaints. These are basically catering to urban areas. Their network/reach could be expanded through linkage with self-help groups/women's associations /panchayats etc. Alternatively States should be encouraged to start their own help line and link it to the national help line.
- ❖ Organizations like IMA may be involved to create a standard code on medical ethics on doctor –patient relationship and health care. The Ministry of Health and Family Welfare may consider establishment of in-house complaint redressal systems for patients' complaints at all private and public nursing homes, hospitals and medical service establishment. There is also a need to develop a system to handle complaints of medical negligence of medical imperative in the medical services sector.
- ❖ While associating VCOs / NGOs in the implementation of schemes during XI Plan period the specialization of such VCOs / NGOs should be taken into consideration to ensure effective execution of schemes.

## Part – III

### Misleading Advertisements

#### 12. Background – Misleading Advertisements

The influence of advertisements on consumer choice is undeniable. And it's this fact that makes it imperative that advertisements be fair and truthful. Misleading and false advertisements are not just unethical; they distort competition and of course, consumer choice. False and misleading advertisements in fact violate several basic rights of consumers: the right to information, the right to choice, the right to be protected against unsafe goods and services as well as unfair trade practices. The Consumer Protection Act recognizes misleading Ads as the first of seven classes of unfair trade practices in six sub-sections of section 2(r) of Consumer Protection Act 1986 (**see Annexure VII**).

Since advertisements are basically meant to promote a product or a service, one does see some exaggeration in the way they extol the virtues of the product. But when it goes beyond that and deliberately utters a falsehood or tries to misrepresent facts thereby misleading the consumer, then it becomes objectionable.

Broadly, one can categorise false and misleading advertisements into two groups: In the first group would be those that basically violate the consumers' right to information and choice and thereby have the potential to cause the consumer, financial loss and even mental agony. Misleading ads are a well-recognised part of unfair trade practices prohibited under the Consumer Protection Act, 1986. However the onus for taking action rests with the consumer. Even though Central and State Governments are authorized to file complaints against unfair trade practices the lack of enforcement infrastructure has restricted action.

The second category would include those that peddle health cures and drugs of questionable efficacy and health gadgets of unknown values. This class of advertisements is the most dangerous, as they can also have a severe repercussion on the health of the consumer. **And it is this class of advertisements that need to be screened by a panel of experts before they are released.**

Unfortunately, meant to protect consumers against unfair trade practices, false and misleading advertisements continue to exploit the vulnerability of consumers, a) because of their poor enforcement and b) because of the lacunae in some of the laws. In fact such advertisements now have a wider canvas: while earlier, one saw them only in the print media, today you can see them on television, influencing a larger number of people and impacting even the illiterate. Proliferation of advertisements through television marketing networks promoting health cures, slimming and beauty gadgets of unproven value is a cause of great concern, because today the reach of television channels is phenomenal. And undoubtedly, the impact of the visuals on the television screen is far greater than the newspapers.

Advertising has been described as an immensely powerful instrument for the elimination of ignorance and in today's wired world works rather quickly to convince consumers about the best buys and most useful products to the consumers. There has always been and will always be intense competition amongst manufacturers to sell their products and services to the consumers. Given the potent nature of advertising, the absence of a self-imposed, industry supported set of guidelines to ensure truth, decency and fair play in advertising would lead to a free for all, resulting in consumers getting misled on the value of the products, which would lead to unfair competition. No statutory regulation can legislate on all the soft issues that can come up in assessing an advertisement that is created harnessing the strategic and creative talent of a large number of people from the advertiser and the agency producing such advertisements.

It is true that prices of commodities are determined by market forces only and there should not be any interference of State Government. However, some time it is seen that Producers and Traders do indulge in improper and misleading campaigns with the intention of cheating customers like vehicles on zero percent interest, students can pass with first class first with distinction marks through coaching centres. Advertisement of seeds and pesticides untested for farmers at discounted rate. Advertisement for articles like, hair oil, shampoo, cream powder etc. that are unhealthy.

Advertisements of many Big Stores, Malls, etc. also give false advertisement to attract customers. Intention of such advertisement is to influence the desires of consumers by giving false value of commodities and services, thus goading consumers to take uneconomic decisions.

These days a number of misleading advertisements appear on television, newspapers, magazines, hoardings, radio etc. that lure the consumer to buy products and avail of services which may not give the desired result as projected in the ads.

Such purchases lead to wasteful expenditure, put the purchaser of the goods and services in disadvantageous position and even harm the purchaser. The misuse of children and women in advertisement is also often seen. Currently these advertisements are dealt with under the provisions of the Consumer Protection Act, 1986 as 'Unfair Trade Practices'.

The Consumer Protection Act has shown some concern for misleading ads under Sec 14 (hc) -

“to issue corrective advertisement to neutralize the effect of misleading advertisement at the cost of opposite party responsible for issuing such misleading advertisement”

In India we have several laws, which monitor the content of advertisements, but in reality these laws have not really effectively managed the rules of such laws. Due to such ineffectiveness of the laws, several manufacturers and service providers get away making false claims or misleading advertisements and the helpless consumers become victims to such misinformation and unfair trade practice. Even after court judgements are given, the compliance is poor and there is no provision in our country to recover the undue enrichment made by the manufacturer and service providers due to such misleading and unfair advertisements. Eleventh Plan needs to ensure that all such undue enrichments get recovered promptly and heavy penal charges are imposed by the Government to deter such advertisements from appearing in the various medium.

It is felt that no judicial system, however elaborate, efficient or quick can cope with all the issues that can arise in the matter of administering and

regulating advertising content. The elaborate requirements of the judiciary would delay justice and render the procedure useless as the campaign may be over by the time the judgement is delivered. In fact most aggrieved parties even find the Self-Regulation procedure too long winded and therefore slow.

### **12.1. Indecent Content in Ads**

Recently we see the trend of pictures of women being published in the newspapers or telecast on the TV screen where indecent exposure of women, being used to appeal to the consumers for promoting sale of products.

In a similar advertisement, the Federal Communication Commission of USA has awarded US \$ 555,000 fine against CBS Corporation. Of course, the broadcaster CBS Corpn. has gone in appeal to the Federal Court (Supreme Court). In the meantime US Government itself has raised penalty limit under the Law for indecent advertisement many times from the existing one and maximum of US \$ 325,000.

In our country today we see these kinds of pictures in newspapers and TV in a big way and it has become almost a routine matter. No action is taken whatsoever for the advertisement being indecent or obscene, by Press Council of India or Ministry of Information and Broadcasting.

### **12.2 Existing Regulatory Mechanism to Control Unfair Trade Practices and Misleading Ads**

It is true that COPRA provides for some check under the Unfair Trade Practice provisions, but the jurisdiction of the Fora and Commissions under the Act are so wide that it covers defective goods, deficient services and unfair trade practices, thus making the segment fairly wide in itself. Further, even though the Act provides for 90 days for redressal, there have been a number of cases which have been pending for more than 6 years.

Moreover, the Consumer Courts cannot deal with misleading ads in same way as MRTPC because they neither have the power nor infrastructure to investigate *suo motu*. There is no office akin to Office of DG (I & R) of

MRTPC, which can take action against unfair trade practices including misleading ads. The office of Director General (I & R) investigates on the facts of unfair trade practices including misleading ads on its own and takes action. There is no similar provision in the CPA for this kind of supportive, administrative mechanism of Director General for Investigation. With repeal of the MRTP Act, 1969 by Competition Commission Act, 2002 a void is going to be created to control unfair trade practices in general and misleading ads in particular. In a country as big and diverse as India, for a consumer from any town to approach the National Commission or State Commission is almost not practical given the time and resources involved in pursuing such cases.

First of all, there is a need for an overarching legislation bringing various elements of unfair trade practices including misleading ads along with objectionable and indecent ads scattered in as many Acts, together. The other way is for the Ministry of Consumer Affairs to work with other ministries handling various aspects of unfair trade practices including misleading ads so that laws can be strengthened, administrative arrangements can be streamlined, there is no duplication and public funds are not spent at cross purposes.

There are seven laws, which have horizontal application across industries for control of misleading ads. In addition there are about 16 laws that have provisions specific to ads in specific industries.

Among the horizontal laws applicable to all industries two laws that provide for compensation for any loss or injury caused as a result of such unfair trade practice.

The Monopolies and Restrictive Trade Practices Act and the Consumer Protection Act provide for not just interim orders to put stop to such advertisements pending disposal of the case., but also compensation to those who are affected by it. But most important, they can give directions to the advertiser to discontinue such advertisements and not to repeat it. They can even award punitive damages and costs of litigation. But most important, they can direct the advertiser to issue corrective advertisement.

In so far as misleading advertisements are caused, this is the most important provision and can really have a deterrent effect, if used effectively. Unfortunately, this provision has hardly or perhaps never been used.

CII Nominee felt that there was no need to cover food products with provisions for ad. monitoring or regulatory authorities as under the Food Standards and Safety Bill provided for prohibition of misleading ads of food. The Sub Group discussed this aspect and did not agree with such a view, as it would amount to exempting nearly dozen and half industries where law had similar provisions for misleading ads. The Sub-Group felt that duplication should be avoided, laws and regulatory authorities would invariably have the overlapping jurisdiction.

### **12.3 Advertising Self Regulations**

There is an attempt at self-regulation by the industry through the Advertising Standards Council of India. A voluntary body of all those involved in advertising, including advertisers, advertising agencies and the media, ASCI has drawn up a comprehensive advertising code for self-regulation. If a consumer or even the industry, feels that an advertisement contravenes the code, a complaint can be sent to ASCI. During the financial year 2003-2004, for example, ASCI received 182 complaints, out of which 123 were upheld (Or found to be in violation of the code) Of these, in 94 cases, the advertisements were withdrawn or modified appropriately in accordance with the CCC decision.

ASCI's efforts are commendable, but the problem is, ASCI does not have a system of *suo motu* action, it waits for complaints, be it from the consumer or the industry. And therefore many advertisements that violate the ASCI's code go unnoticed because no one complains. And then ASCI does not provide for corrective advertisement, so by the time ASCI asks the advertiser to either withdraw or modify the offending advertisement, it would have already conveyed the false message. Usually between the appearance of an advertisement, receipt of the advertisement by ASCI and the decision of the CCC, there is a time gap of anywhere between a month to two months. Then there are the obvious problems associated with self-regulation- the black sheep among the members who may violate the code or not comply with the CCC's

decision. Also there is not enough publicity for CCC's decisions to trigger public condemnation of those who put out misleading facts in their advertisements.

#### **12.4 Proposed Recommendation**

It is therefore felt that in the XI plan a **National Consumer Protection Authority** should be made functional within the Ministry of Consumer Affairs to deal promptly with misleading objectionable and indecent advertisements and take corrective measures to not only provide the honest and truthful information to the consumers but all such advertisers should be made to advertise the corrective message in the manner they had advertised the misleading advertisements. All profits earned from such misleading advertisements should be recovered from the advertisers immediately and used for consumer education and awareness. The authority should be autonomous and independent from the Government and industry. The finances required for the authority should be from the planned budget.

In view of the proposal to set up a National Consumer Protection Authority of the Ministry of Consumer Affairs, which is not in the Terms of Reference of this Committee, it is recommended that the Regulatory Authority being set up should also have a specialized function as recommended above in addition to other function that may be assigned to it.

## **Part – IV**

### **Recommendations and Suggestions**

In view of the ToR and the pressing need of consumer awareness and education to provide fillip to consumer protection the sub group's discussions and suggestions are summarized in this part.

#### **13. National Level Status for Campaign on Consumer Awareness**

Since this campaign cuts across all sectors, it should be recognized as a national campaign in the XI Plan (along lines of e-governance in X Plan) through convergence of skills and resources drawn from all Government Departments.

##### **13.1 Horizontal linkages for National Campaign on Consumer Awareness.**

Each Ministry/ Department/ Organization in the Central Government which deals with consumers' interest either directly or indirectly shall

- Educate their consumers who avail their services and have sufficient budgetary provision
- Provide all consumer related information in a multifarious way to the respective consumers on a continuous basis and
- To formulate and effectively implement their Citizen Charter
- To undertake/ accelerate their publicity programme especially in regional languages. Planning Commission may consider providing assistance to interested organizations to the extent possible.

Integration of campaign with consumer related areas of other parts of Government including Regulatory bodies under different Ministries like Health, Finance (Banking, Insurance), Telecommunications, Tourism, Drugs & Pharmaceuticals, Petroleum & Natural Gas, Company Affairs and other Ministries which deal with subjects related to consumers.. Close interaction with these Ministries will be maintained for an effective sector specific awareness campaign.

**It is recommended that a Standing Committee consisting of Secretaries of the Ministries concerned should be set under the Chairmanship of the Cabinet Secretary to Coordinate the Publicity**

and Consumer Awareness efforts of Government so that a Coordinate approach can be taken and a part of the publicity budgets of each of these Ministries can be used in conjunction with the Consumer Awareness efforts over the XI Plan. This Committee can also frame guidelines for Regulatory Bodies under the respective Ministries in respect to consumer awareness and consumer policy concerning each sector at the national level.

### **13.2. Deepening and Widening the Campaign in Mass Media**

The limitations of the multi-media campaign in the current year are going to be removed by the introduction of new elements detailed in the following section. The campaign is going to be deepened by going beyond impersonal advertising in to a more effective dialogue with consumers through the media using editorial and other creative forms of communication. Apart from a wider choice of use of empanelled advertising agencies, it is also proposed to induct selected national and regional VCOs in to the campaign by encouraging them to set up “Media Units” and harness their creative energies in producing different types of materials for the campaign. A note on the role of such media units is at **Annexure VIII**. The campaign is going to be widened by including media like internet and outdoor publicity including mobile vans and supplemented by a major thrust on consumer education in schools and colleges. The ambitious multimedia campaign requires more flexibility in managing it so that administrative and financial systems are efficient, transparent and are able to deliver according to deadlines. The campaign should also have substantial regional bias to reach regional consumers hence the involvement of States / UT Governments, PRIs and ULBs should be strengthened.

### **13.3 Print Media:** The campaign should graduate from advertising to create vehicles, which can create editorial content for use by established media.

- 13.3.1 Creating news, features and stories of consumer interest based on actual market conditions and events. They can be offered to media as syndicated news and features specialised on consumer affairs.
- 13.3.2 Creating cartoons, comic strips, cross word puzzles, illustrations and games of interest to readers on consumer interest subjects, which can be offered for publications to established media.
- 13.3.3 Photo feature service to create photos on subjects of consumer interest and offer them to media for publication

**13.4 Radio:** With advent of FM Radio the listener ship of Radio is going up particularly in urban areas. The FM Radios are heavily commercialised and have to depend on advertising. They are wary of carrying consumer news and stories, which may not be liked by advertisers. Therefore a fillip is required to create radio programs that can be broadcast by Radio.

13.4.1 **Create Radio Programs** on a wide variety of consumer interest issues and stories, which may be offered to AIR as well as Private Radio channels for broadcast.

13.4.2 **Radio Stations:** The Governments policy for private radio stations allows universities and others to set up private FM channels. This policy needs to be amended to include national or regional level VCOs who may set up Radio stations devoted to consumer education in all metro as well as state capitals areas over the plan period.

**13.5 TV:** The reach of *Jago Grahak* in Doordarshan has been limited to ad spots and some slots for consumer issue based programs on Doordarshan. The involvement in this area needs to be deepened by creating a mechanism to facilitate the entry of national or Regional VCOs to create media units for production of a wide variety of programs, which can be broad, cast on Doordarshan as well as offered to private channels in all major languages.

13.5.1 **Programs in Different Formats** covering consumer issues and stories, which are normally not produced in media, should be carried by DD in specified slots. These may include programs based on results of comparative testing of consumer goods or services under govt approved programs; programs tracking developments on products and prices in retail markets; Guidance to consumers on issues of interest to them etc.

13.5.2 **Create ads on topical issues** of consumer interest and make them available for broadcast as part of the Multi media campaign by Government.

13.5.3 **Feedstock of consumer news and current affairs programs to private channels** by media units set up by selected VCOs.

13.5.4 Doordarshan or Private Broadcasters should be persuaded to **launch an independent channel dedicated to consumer**

**affairs and consumer education** by the end of the plan period. Such an independent channels should be free of influence of commercial advertising.

Prime time slots in DD and Private channels should be reserved for social and consumer education message as part of the National Campaign. This requires action on part of the Ministry of Information and Broadcasting.

13.5.5 **The Commercial Code of Advertising of DD and AIR** should be suitably changed to ensure that names of companies and brands are allowed to be broadcast if the facts in the editorial content allow such names. DD has been unable to broadcast results of comparative testing with names of companies and brand for a number of years. A consumer education program without names of relevant brands and companies will not serve the ends of factual consumer education. This revision of the Code requires action and concurrence on part of Ministry of Information and Broadcasting.

**13.6 Internet:** The internet literate population of consumers is rising and the campaign should be extended to using internet based promotional methods for spreading awareness. This would entail the use of Banners and frequent emails delivering usable content to the internet users. This activity needs to be on an ongoing basis as new users keep on adding to the list and new portals with advanced technology can be used. Besides, this will also give more room to give better education and content. Subsequently the awareness can be taken to international levels as well as the overseas Indians from all over the world.

13.6.1 **The websites** which are being run by VCOs should be supported to increase the variety, quality and quantum of content based on consumer interests. Once they are able to attract traffic, they will be able to become instruments of consumer awareness and education in future years.

13.6.2 The support for improving the websites should be accompanied by **internet based promotion methods involving tie ups with ISPs and Search engines.**

**13.7 Mobile Outdoor Publicity:** Mobile Vans should be commissioned to carry the message to small towns and villages of the country. It has been observed that a lot of activity is happening in the capital cities of the states wherein the awareness is otherwise also usually high. In order to connect and spread awareness at the village and town level we need to have human intervention as point of contact that can home in the point about consumer rights and responsibilities and this will also be communicated in the local language. Appropriately equipped mobile vans can display of an interesting audio-visual content to have undivided attention and to attract a lot of people. Arrangements may also be made to hold puppet shows, short films dubbed in regional languages and case studies or cases decided by courts/ experiences of the consumers may be used as *nukkad natak* or *nautankies*. Using the Mobile Van as a nucleus of activity selected VCOs may be encouraged to put up stalls in *haats* and *melas* to communicate with the rural consumers. Mobile vans may be used to show documentaries as well as display exhibitions or simple experiments to demonstrate tests related to product quality, etc. Handouts and other publicity material can also be distributed alongside. Mobile vans can be run from town to town with a designated journey plan to cover all cities, towns and selected villages during the XI plan period.

**13.8 Creating Interest among Journalists:** Basically, journalists do not take interest in “Consumer Affairs” because of the perception that

- (a) it is not as interesting or glamorous as writing on politics or economics or even films
- (b) The media itself does not think of it a 'hot ' subject unless there is something sensational in the case.
- (c) Most journalists do not even think that this is a subject that is worth specializing.
- (e) Publishers and Broadcasters generally avoid news worthy content on consumer affairs lest it invite objections from advertisers it is pertinent to point out that over 90% of the revenue of newspapers, magazine TV and Radio comes from commercial advertising. Such editorial content invariably mentions company and brand names, which the publishers/ broadcasters want to avoid for fear of losing current or future ad revenue.

### **Possible solutions:**

- 13.8.1 It may therefore be a good idea to introduce consumer protection/rights as a subject of specialization in journalism schools.
- 13.8.2 Similarly, an award for journalists who do exceedingly well consumers affairs journalism might also encourage some of them to take up the subject.
- 13.8.3 The ministry may also think of instituting a fellowship for journalists to do useful research in the area of consumer protection. The fellowship would mean paying the selected journalist/journalists about Rs 25,000 per month for a year to complete the work and also pay any other additional expenses such as travel, research, secretarial assistant, etc. The journalists should be attached to VCOs who are publishing consumer magazines or maintaining websites. In fact the Rural Development Fellowship initiated by the Ministry of Rural Development and the Lok Sabha Fellowship initiated by the Lok Sabha Secretariat for the very same purpose are worth emulating.
- 13.8.4 The campaign can be deepened by inducting experienced VCOs in to the campaign as so far the campaign has a shallow intellectual basis as it is based almost entirely on advertising agencies who have limited experience in this area. Leading VCOs may be better equipped with ideas, expertise and motivation to add vigour to the campaign. The entry of such VCOs will also help in widening and deepening of the campaign. National /Regional level VCOs having the capacity, resources and manpower to participate in this campaign should be inducted and supported to take up one or more elements of the campaign alongside the approved advertising agencies. This will also lend variety depth, and colour to the campaign.

Many VCOs/ NGOs run their own magazines, websites, handle consumer complaints and promote the consumer movement in multifarious ways. Some reputed organizations undertake comparative testing of consumer items for the informed choice

of the consumers. Such VCOs/NGOs to be encouraged to spread consumer awareness by setting up media units to get involved in the multi-media campaign in the XI plan.

**13.9 Involvement of State Governments and PRI:** Efforts will be made to increase the involvement of State Governments as well as Panchayati Raj Institutions (PRIs) in the multi-media campaign. They will also be involved in capacity building as well as advocacy. Efforts need to be made to ensure that a specific share of the state government budget should be allocated to 'Consumer Affairs'. It would also be desirable to ensure that a small percentage (about 20%) of the allocation for 'Consumer Affairs' in a state should be allocated to 'Publicity'.

## **14 Recognition and Awards**

**14.1 Awards to Activists & VCOs:** The Department of Consumer Affairs have been recognizing consumer organizations, youths involved in consumer protection and also women in consumer protection by giving them awards from time to time based on nominations filed by potential awardees in response to the advertisements in the newspapers by the Department of Consumer Affairs, Government of India or through publicity conducted by the State Governments at the state level. However, it has been observed that the response to such advertisements have not been very encouraging nor far reaching. It is essential that such awards and recognitions become more visible and in order to do that the media campaign should be made a vehicle to reach out to potential awardees throughout the Country.

The Department of Consumer Affairs have been recognizing consumer organizations, youths involved in consumer protection and also women in consumer protection by giving them awards from time to time based on nominations filed by potential awardees in response to the advertisements in the newspapers by the Department of Consumer Affairs, Government of India or through publicity conducted by the State Governments at the state level. However, it has been observed that the response to such advertisements have not been very encouraging nor far reaching. It is essential that such awards and recognitions become more visible and in order to do that the media campaign should be made a vehicle to reach out to potential awardees throughout the Country. The present system for inviting application from intending awardees may also need to be changed

by also considering nominations made by persons other than awareness as well.

**14.2 Awards to Consumer Friendly Business:** The Department of Consumer Affairs should also propose to bring other categories of citizens into the scope of such awards like “Most Customer Friendly Retailer of the year”, Similarly there could be awards for companies with effective complaint management systems. Organizations with high level of customer satisfaction (it could be product manufacturers or even service providers); the consumer clubs initiated in schools should also be recognized through such awards apart from media persons writing columns regularly on consumer related issues which are of high education value to the consumers.

**14.3 Celebrate and Publicize Awards:** Every year, the Department of Consumer Affairs should hold a high profile National Award Night to felicitate such categories and also telecast the same similar to the one being done for several other award nights in our country on various activities like movies, artists and business personalities. There is a need to recognize and reward persons and organizations who are contributing towards building the Indian Consumer movement and also Quality and Standards of products and services to meet the customer expectation. From the outcomes of the comparative testing of products, manufacturers and service providers should be also recognized on such award nights so that magazines and reports carrying comparative testing are made more popular and visible. In order to enhance the value and prestige of these awards, the awards’ functions may be presided by the Prime Minister.

**14.4. Awards to Consumer Forums/Commissions:** Last but not least, recognition should go to district forums and State Commissions who have performed well against agreed benchmarks developed by the NCDRC. A system be worked out in consultation with NCDRC for instituting such awards.

## **15. Public Private Partnerships**

**15.1** Public Private Partnerships (PPPs) combine the resources of government with those of private agents (business or not –for-profit bodies) in order to deliver goals. There are different forms of PPPs including contracting out of services, business management of public utilities and design of hybrid

organizations for risk sharing and co production between government and private agents. It gives rise to a series of ideological and managerial choices. These concern the relationship between private actors and the state, the extent to which businesses and not-for-profits should substitute for government and the costs and benefits of different public-private solutions. The terms public, private, and partnership are overworked, individually and collectively, their meanings are contingent on context. The US interpretation of PPPs covers a variety of instruments through which government involves businesses and not-for-profit in the realization of public policy goals.

**15.2** PPPs arise from the make or buy decisions that governments face. Governments can choose to realize societal goals directly, through public employees and collectively controlled facilities (the make decisions) or indirectly by means of business and not for profit organizations (the buy decision). The buy decision leads to a choice the five main forms of public-private partnership, namely public leverage, contracting-out, franchising, joint –ventures and strategic partnering. The development of these relationships between the state and private actors gives rise to a phenomenon of hybridity. This refers to an organization that has both public and private orientation. PPPs seem to offer the solution to public policy problems. This creates third party government and includes the contractual relationships between governments and not for profit, especially in social welfare provisions. Governments around the world made greater use of private actors to design, manage, and deliver public policy during the later part of the 20th century. This was motivated variously by the prescriptions of new public management reform programme introduced as a result of government ideology or pressure from international agencies, and social, economic and cultural changes.\*

**15.3** The Department of Consumer Affairs has a very delicate role in such initiative as it needs to be completely unbiased towards the consumer and should not be seen to be associated with big business houses or with industry leaders in a manner that they are insulated from any kind of conflict of interest between the consumer and the providers. However, while maintaining the unbiased character of the Department and also its commitment towards the consumers, there is also a need to build a strong Public Private Partnership in various activities in our country. The link to build these initiatives is similar to the citizen’s charter campaign, which

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\* See generally Chris Skelcher “*Public-Private Partnerships and Hybridity*” *The Oxford Hand book of Public Management* ed. Evan Farlie et al Oxford University press, 2005 pp. 347-370

was launched by the Government in the year 1996, which needs to be further strengthened and made viable in our local context. There are several initiatives where the Industry and their associations have approached the Department of Consumer Affairs to build bridge between the provider and the user and based on such initiatives, the Department is of the view that in the XI<sup>th</sup> Plan, there should be more partnership building exercises by organizing regular consultation with the interested parties and develop a transparent mechanism to ensure Quality Services and Products at the market place. The PPP is to be consumer centric and needs to be such that it delivers a strong relationship not only for prompt complaint redressal but also sharing of information in terms of performance and delivery systems.

- 15.4** One of the areas for such a partnership in Consumer Affairs would be the setting of a national level mechanism similar to the Better Business Bureau in USA, which mediates between consumers and companies with respect to consumer problem and disputes. The Ministry would like to set up such a mechanism to solve consumer problems and grievances outside consumer courts though a partnership with apex industry bodies. A note on the working of BBB abroad enclosed as **Annexure IX**.

## **16. Universities and College Education**

The Universities and Colleges have a critical role in educating the younger generation to become awakened consumers.

- 16.1 Introducing Formal Courses on Consumer Affairs** in different existing programs: Consumer Affairs is not a traditional subject, which is taught in universities. Some elements of consumer affairs are taught in Home Science Courses but by and large most universities do not have such courses on their syllabi. During the Plan period efforts should be made to introduce new papers in existing degree courses in major universities. Our effort will be to ensure that at least 500 colleges introduce such formal courses by end of XI plan.

**16.1.1 The BA Degree:** This is one of the most popular courses in a university. Recently the University of Delhi has introduced an option application course on “Consumer Affairs” in their

restructured BA program. Efforts can be made with the intervention of the UGC to have similar papers introduced in other universities.

**16.1.2 The B.Com (Hons) degree:** This is the most prestigious and popular course for Commerce stream in Universities. Recently the University of Delhi has introduced an optional paper in its restructured B.Com (Hons) program. The syllabus of this paper is enclosed as **Annexure X**. Efforts can be made to have similar papers introduced in other Universities with intervention of UGC.

**16.1.3 The LLB Degree:** In spite of the development of Consumer law over last two decades most LLB programs in Universities do not have papers in Consumer Law or Consumer Jurisprudence. Efforts can be made with the Bar Council of India and the UGC to introduce such a paper in the LLB syllabus in Universities and national Law Schools.

**16.1.4 Science Courses:** Universities need to be encouraged to develop new syllabi or include topics on scientific aspects of consumer issues in the relevant papers. The domain of standardisation, national and international standards, certification and conformity assessment, accreditation of labs, quality systems are some of the topics, which may be relevant for such courses. The UGC may be asked to set up a working Group of academics to suggest ways and means to include topics of consumer interest in the syllabi of undergraduate science courses.

A modest beginning with introduction of such new papers in 100 new colleges in first year will be made and it would go up to 500 colleges in the final year of the XI plan. The grants for books, journals and audio-visual materials mentioned in para 17.4 below will be awarded to colleges introducing new courses as an incentive measure.

**16.2 Chairs of Excellence:** The Ministry has initiated the setting up of Chairs of Excellence at Universities and other national level institutions. Over the Plan period this should be widened and the UGC should be involved in the identification and evaluation of Universities who would like to set up such chairs. The following areas of specialisation may be considered in

faculties of Commerce, Management, Law, Public Administration, Engineering or Journalism.

- a. Consumer Affairs
- b. Consumer Law and Practice
- c. Standardisation and Conformity Assessment
- d. Corporate Social Responsibility
- e. Media and Consumer Affairs
- f. Complaint Management Systems
- g. Alternative Consumer Dispute Resolution
- h. Ethical Issues and Fair Business practices

An estimated expenditure of Rs 30 lakh p.a. per University is estimated with twelve such chairs in the first year, the number would go up to 20 by end of XI plan.

**16.3 Fellowships for Research:** Over the Plan period fellow ships for full time M.Phil plan or Ph.D students are instituted in selected Universities to encourage original research on subjects of consumer interest. The fellowships should be available to students to write dissertations based on original work on a selected list of topics, which may be identified as thrust areas over the plan period. Apart from the areas listed at S.No a to h above some more areas may be identified to include as thrust areas for encouraging original research in Universities. It is proposed to begin with a modest number of 100 fellowships in first year and increased each year by 25 to reach 200 fellowships in final year of XI plan.

**16.4. Grants for Books and Journals to University Libraries:** University, College and Research Institutions including National and State training institutions Libraries be given grants over the Plan period to acquire books journals and audio-visual material in the area of consumer affairs in the thrust areas identified. They should also be given grants to subscribe to consumer magazines and journals relevant to thrust areas for use in reading rooms of libraries. The grants should be larger for the institutions, which introduce papers relevant to consumer affairs during the Plan period to encourage and support such innovations.

- 16.5 Grants for Publication of Original Work related to Thrust Areas:** The Plan should give a fillip to publications on areas relevant to consumer affairs. Authors and academicians should be encouraged to publish books etc relevant to the thrust areas. The grants can be routed through the UGC, Universities and/or other institutions like National Book Trust. A modest beginning with support for 25 new publications in first year would go up to 40, 60, 80 and 100 new publications in the final year of XI plan.
- 16.6 Consumer Clubs in Colleges:** Efforts be made to ensure that by the end of the Plan period there should be new consumer clubs in 20,000 colleges in the country. In the same way there is NCC and NSS in educational institutions, there should be a Consumer Club to lead the extra curricular activities of students in the domain of consumer affairs. There should be involvement of the Central and State Governments. The UGC and State Governments should be asked to set up a Task Force with involvement of experts among academicians to draw up a plan to achieve this Goal. The goal is to add 20,000 new colleges to existing consumer clubs by end of XI plan shortly by 4000 colleges in the first year and adding 4000 colleges each year the goal of 20,000 new consumer clubs can be reached. The estimated cost of running a consumer club in a college is Rs 30,000 pa with 10% of the grant to a college earmarked as honorarium for the teacher-in-charge of the activities of the consumer club.
- 16.7 Resource Centers for Consumer Clubs:** While the Consumer Clubs would be set up by managements of colleges under guidance from UGC or State Governments there is need to nurture, support and develop Resource Centres to develop materials which such clubs would need in their functioning. This is a creative function that needs to be performed outside government. It may be pertinent to point out that the first consumer clubs in the country were set up by activist teachers associated with VCOs in a few colleges. Therefore, VCOs who have sufficient expertise working with Consumer Clubs and development of materials for such Consumer Clubs should be identified and supported to develop Resource Centres, which can cater to the requirements of such consumer clubs. Apart from creating print, digital, audio-visual materials, these centers would also train and guide teachers-in-charge of the Consumer Clubs and also organise events, which involve a number of Consumer Clubs on one platform. Eight such centers are proposed starting with four

in first year, adding one new center in each year going up to 8 Resource centers in the final year of XI plan. Their role would be similar to the activity profile of Resource Centres for schools detailed in para 18.2 below. The estimated cost of one such centre would be about Rs one crore pa.

- 16.8 Contests and Quiz's** to be organised among students of colleges. Capacity of selected VCOs should be built to organise such quiz contests. Different Service providers may also be involved if possible at various levels to increase and enhance awareness levels. This activity should be professionally managed along the lines of Bournvita Quiz Contest wherein not only students but also different groups of stakeholders including officials, RWA's and Housewives etc may also be involved. The Resource Centers created for serving consumer clubs in colleges would also be expected to organise such events.

## **17. Consumer Education in Schools**

- 17.1** It is very important to educate the consumers at a young age, when they are still at school. They are a target of many a marketers who exploit their innocence to create pressures on the parents to purchase certain goods and services. Government at Centre and States should spearhead a campaign to cover all schools in the country with a focus on children belonging to both government and private schools. The activities regarding consumer awareness must involve all the students in a school and as such presentations, lectures and demonstrations must be addressed to all the children in a school. Each school should be encouraged to take up at least one project each for the primary, middle and high school students to observe, or file complaints or identify areas where they as consumers feel a harassed lot. Selected VCOs be identified as Lead institutions to build capacity to be able produce materials, which can be used by schools in consumer education activity.
- 17.2 VCOs as Resource Centres:** The selected VCOs should be provided assistance to become Resource Centres to produce and develop the material, which can be used by schools. The building of capacity among Select VCOs should be seen as a catalyst for the speedy dissemination of consumer education in schools. Efforts should be made to ensure that Select VCOs are developed as Resource Centres in every state by the middle of the XI plan period. The following type of Resources will need to be created and made available for use in schools:

- 17.2.1 Documentaries and audiovisual material: Selected VCOs be given support to build library of all relevant audiovisual material, which can be** used to educate them. The schools should be sent a list of documentaries which can be shown once a week or fortnight in the zero period.
- 17.2.2 Organise competitions** at the school level from District to Zonal and State levels. National level competitions on essay writing, poems, plays, skits, and causes supported by the respective schools may be graded and awards given.
- 17.2.3 TV programs produced for Children. Short documentaries or films depicting the market realities, price comparisons, value of free gifts etc may be produced for **telecast on children's' channels**.
- 17.2.4 **Documentaries** showing how consumer products are manufactured or in case of food products cooked in reality may help students identify products that are unhealthy. Consequences of the consumption of such products that are not graded or standardised, disposal of wrappings and packages and the problems created by them may be shown in the video mode because the video audio combination has a lot of impact.
- 17.2.5 **Mobile Vans created particularly for Schools: Exhibitions in mobile vans** may be sent to different schools on different themes by the Ministry of Consumer Affairs. Inputs can be obtained from outstanding contributions by different schools, which would encourage creativity and positive contribution on the same lines as grow more trees campaign.
- 17.2.6. **Teacher training workshops** with a focus on dissemination and awareness amongst the student community, on consumer issues.
- 17.2.7 **Development of resource material, aimed at both teachers and students such as:**
- a. For teachers: training manuals,
  - b. CDs of materials they can use in classrooms and clubs.
  - c. KITS: containing useful material for different age groups in the classrooms  
*For use in classroom situations.*
  - d. FOR STUDENTS: Newsletters where student feedback can be solicited, frequently raising currently relevant issues.
  - e. A magazine specifically for Youth on consumer and environmental issues with VCO help.

Fifteen such “Resource Centres” are proposed, starting with seven in first year and adding two new Centre each year at a cost of Rs One crore p.a per Centre reaching 15 in the final year of the XI Plan.

**17.3 Consumer Clubs in Schools:** Each School that is brought in to the scope of consumer education be asked to designate at least one teacher as the In-charge of “ Consumer Education “in the school. Consumer- Club formats for effective use by schools will need to be prepared by Resource Centres. 50,000 high/ higher secondary schools in the country should be covered by new Consumer Clubs by the end of the XI plan. Schools will need to be given adequate freedom to find creative ideas to run the consumer clubs. The activities at each school may be chosen from among the following:

- 17.3.1 There may be a **dialogue/ interaction with the residents’ welfare associations** of areas where schools are located on the same patterns as followed by social service/ adult education
- 17.3.2 Events on specific dates to involve schools and the public: This could be on occasions of school annual days, or other celebrations held in schools.
- 17.3.3 Handy resource manuals with 'at a glance' material on consumer issues including where and how to get help.
- 17.3.4. Obtain resources from the Resource Centres for usage in schools.

The cost of running a consumer club in a school is estimated at Rs 20,000 per school including honorarium of teacher-in charge of the consumer club @10% of the grant to a school.

## **18. Popularising Reach of Comparative Testing Results:**

The most effective consumer awareness function, which can assist a consumer in day-to-day buying as a consumer, is information from comparative testing of goods and services. It is a well-established form of raising consumer awareness in many parts of the world. VCOs in many developed countries like US and most countries of Europe have become self-sustaining based on subscriptions of consumer magazines on a large scale by individual consumers. In India the Ministry of Consumer Affairs

has been supporting this activity by two national level VCOs, Voice Society publishes 'Consumer Voice' English, monthly and Hindi, bi-monthly magazines. CERC publishes 'Insight' English, bi monthly. Both these publications are able to test and report about a 10 to 12 products each in a year. 'Consumer Voice' has commenced comparative evaluation of services and covers two services a year. Apart from the fact that their capacity to test more products/ services is limited, they have had considerable difficulties in enrolling subscribers for their magazines. Consequently results of comparative testing do not reach a large number of Consumers. This problem is not Unique to India. A similar problem is being faced by similar VCOs in a number of developing economies. The Consumers International (CI) set up a Working group on 'Capacity Building and Business Development'. It examined comparative testing based magazines in seven developing economics and found that they were facing similar problems of low subscriptions and required. Intervention and support till there was wide spread consumer acceptance and subscription base beyond break-even point was reached. The Consumer's International is unable to assist these VCOs directly and national agencies are expected to support these activities till break-even points of the magazines are achieved. An extract out of the CI report is at **Annexure XI**.

To support such activity the following new initiatives in the XI plan are envisaged:-

- 18.1 Enhance Testing and Evaluation Capacity:** The current capacity of the two testing magazines is to test and publish about 10 to 12 products each p.a. This is proposed to be enhanced to 20 to 24 products each p.a. For this purpose additional plan support to the capacity for comparative testing would involve an estimated Rs.50 lakh pa for each organisation or Rs 1 crore for both pa.

The current capacity for Comparative Evaluation of Services is only two services p.a. If this capacity is enhanced to 6 services p.a. An additional support of Rs. 50 lakh pa would be required over the plan period.

- 18.2 Joint International Testing of Indian Products:** International Consumer Research and Testing (ICRT) based in London is a body, which carries out joint testing of products, which are sold in a number of countries. Both

the Indian publications are associated with ICRT. 'Consumer VOICE' has an arrangement to publish test results of products imported into India. It has published European Test results of digital cameras, laptops, chargeable batteries, scanners, printers etc in past. As a result of this linkage it can participate in joint testing by introducing Indian brands and models for testing jointly with ICRT members. It is proposed that a modest beginning be made with two products for joint testing while adding two new tests each year to reach 10 jointly tested products by end of XI plan. This is likely to cost Rs 10 lakh per joint product test.

**18.3 Enhancing Availability and Circulation of Magazines:** These magazines would be made available to general public by:

- Supporting subscription of magazine in English and Hindi for (i) School Libraries (ii) College and University libraries and (iii) Public Libraries (iv) Panchayati Raj Institutions. The subscriptions charge would be paid under the scheme and the magazines would be mailed directly to the libraries. All the libraries where consumer clubs in schools and colleges are set up would be covered over XI plan period.
- The publishers would be encouraged to publish regional language editions so that the same could be distributed to schools, colleges, public libraries & PRIs where regional language are pre-dominant and readership in Hindi and English is low.

## **19. Other Existing Awareness Projects**

**19.1. National Consumer Helpline** functioning at Delhi University is a three-year project, which is in its second year. It is proposed to extend it for another five years till the end of the XI plan period. The estimated cost is Rs one crore pa.

It is also proposed to extend the helpline to regional language centres in at least five different language centres all over India at a cost of Rs. 50 lacs pa per centre.

**19.2. CORE:** This is a web based Consumer resource project where entire Consumer education and redressal takes place. This is proposed to be extended till end of XI plan at an annual cost of Rs. One crore in the first year rising to Rs 2 crore in the final year of the XI plan.

**19.3. Programs on involvement of Research Institutions, Universities, College etc in Consumer Protection and Consumer Welfare** is being managed by IIPA. It is proposed to extend this programme over the XI plan period envisaging an additional outlay of Rs. 2 crore p.a.

**19.4. CLAAP:** This new project on “Consumer Legal Action and Advocacy Program” accepted by the Ministry seeks involvement of 100 Voluntary Consumer Redressal Activist in 10 states and 10 VCOs to provide face to face counselling and redressal assistance to aggrieved consumers. In case the project is successful, it is proposed to extend it to another 10 states at a cost of Rs. 1.5 crore pa. over XI plan period.

## **20. Concurrent Evaluation:**

Concurrent Evaluation mechanism albeit informal, on the impact of consumer awareness campaign is already available through NCH and CORE. Formal evaluation studies are also commissioned from time to time. However, the formal evaluation would need to be done more regularly, preferably on an annual basis, to guide the campaign and policy as we go through the learning curve.

## **21. Budget Estimate for the XI Plan:**

For the consumer education and awareness programmes schemes and activities the estimated budget is Rs. 1586.80 Crore for the XI Plan Period. Details of the Budget estimates are given in **Annexure XIII**

## **II. Report of Sub Group on “Consumer Protection and Redressal Mechanism”**

**22.** The Planning Commission has constituted the working group on “Consumer Protection” in the context of preparation of the eleventh five year plan. Government of India has constituted four Sub-Groups to evolve a comprehensive report for the Working Group. The Sub Group on “Consumer Protection and Redressal Mechanism” has been constituted with the Secretary, Consumer Affairs, Food & Civil Supplies, Andhra Pradesh as the Convenor. The Sub Group consisting of 16 members as per the annexure ‘A’ annexed hereto, to look at the policies of the State and Central Governments regarding Consumer Protection and to evaluate the activities undertaken for Consumer Protection and Redressal Mechanism during the tenth five year plan and to come up with comprehensive set of policies, programmes and action plan to strengthen the Redressal Mechanism and to provide better Protection for Consumer.

### **The Terms of Reference of the Working Group are:**

1. To identify existing gaps in Consumer Protection and Redressal Mechanism.
  2. To identify specific areas requiring Government intervention and suggest ways and means to enhance responsiveness of public and private sector to consumers.
  3. To recommend a comprehensive set of policies, programmes and action plan to launch a strong paradigm for Consumer Protection.
  4. To make an assessment of resource requirements and the manner of financing including Public Private Partnership (PPP) models in the Eleventh Five Year Plan.
- 23.** Policies have been designed and legislations enacted to protect the interests of the consumer. The Consumer Protection Act, 1986 has ensured the rights of consumer safety, information, choice, representation, redressal and consumer education.
- 24.** The Consumer Protection Act, 1986 was enacted with an objective to provide better protection of the interests of the consumers. The Consumer Protection Act was specially enacted for establishing a quasi-judicial Consumer Disputes Redressal machinery at the District level (District Forum), State level (State Commission) and National level (National Commission) to protect the interest of the consumers. The structure of redressal machinery has been deliberately kept as such so as to render

simple, inexpensive and time bound redressal to consumer complaints. The Act provides for relief of specific nature and also appropriate compensation to the consumers.

**25.** The existing legal framework for Consumer Protection is reasonably good in India. The problem is with the implementation. The Central and State Governments should work towards strengthening the available legislative and institutional frame work so as to protect the consumer interest.

- The institutions who has to implement the law and protect the interests of consumers need to be strengthened.
- The public and private enterprises should ensure that the consumers are protected from unsafe goods and services.
- The competitiveness of industry and service sector should be strengthened by increasing demand for high quality products and services.
- A definite policy or uniform guideline should be framed to help consumers make informed choice so that they are able to make the right decisions and protect themselves from abusive practices.
- The Urban and Rural consumer should be empowered to make informed choices so that they can not only protect their health and safety but also can get more value for money.

Apart from the above, there should be effective Consumer Redressal Mechanism, which encourage consumers to seek redressal against unscrupulous exploitation of consumers.

**26.** Keeping in view of the terms of reference and the existing status of consumer protection, the proposed frame work for strengthening consumer protection and redressal mechanism is presented below under the following heads.

- I. Strengthening the Redressal Mechanism.
- II. Building strong consumer information system.
- III. Consumer Empowerment.
- IV. Review of enactments pertaining to consumer protection including Consumer Protection Act 1986.

## **I. STRENGTHENING THE REDRESSAL MECHANISM**

**27.** Right to redress, broadly speaking means the right to a fair settlement of claims not only economic, but also social and political. In the consumers

context, the right to redress includes the right to receive compensation for misrepresentation of shoddy goods or unsatisfactory services and the availability of acceptable forms of legal aid or redress for claims. In India, until the Consumer Protection Act, 1986, consumers had to rely upon a number of legislations but none provided effective remedy against violation of consumers' rights. The Act has been amended from time to time. The amended Act provides for attachment and subsequent sale of the property of a person not complying with an order proceeds from such sale may go to pay the damages of the aggrieved consumer. The Act empowers consumers seeking discontinuance of certain unfair and restrictive trade practices, defects or deficiencies in services and stopping or withdrawal of hazardous goods from the market.

28. Though Consumer Protection Act is a comprehensive piece of legislation, it is plagued by inordinate delays in the delivery of justice, enforcement of orders etc. Large number of cases are pending. There are 3,94,583 cases pending at various levels. There are cases at all levels that are pending for more than ten years. Again, as regards the Business Codes of Ethics, these are voluntary in nature. Implementation of these are far from fair as such codes almost always lack of enforcement teeth, lack of requisite enthusiasm and attention of most State Governments in implementing the provisions of the Act, Consumer fora becoming like civil courts with Presidents asking for a more formal approach, and the reluctance of consumers to make use of the redressal system are some of the major bottlenecks in Consumer Protection.
29. With an understanding of the ground realities, inherent flaws and other systemic problems, appropriate changes have to be brought in to establish a more effective redressal mechanism to protect the consumer in true sense. The proposed redressal mechanisms are:
  - A. In-house Redressal Mechanism
  - B. Alternate Dispute Resolution (ADR) Mechanism
  - C. Measures to strengthen formal redressal mechanism

#### **A. In-house Redressal Mechanism**

- (i) **Nodal Department:** Department of Consumer Affairs, Food and Civil Supplies at State Government level should act as the Nodal department to focus exclusively on protecting the rights of consumers with special focus on redressal of consumer grievances, promoting

standards of goods and services strengthen the various aspects of right to information so that laws can be strengthened and administrative arrangements can be streamlined.

- (ii) Consumer Protection Officer:** The Department of Consumer Affairs, Food and Civil Supplies should designate a special officer at state level as State Consumer Protection Officer and similarly at district level. All the Government Departments, Public Sector Undertakings and Private Establishments whose turnover is substantial should appoint Consumer Protection officer. The State Consumer Protection Officer should work in liaison with other departments and take up consumer related matters with other departments in order to protect the interests of consumers.
- (iii) Implementation of Citizens Charter:** Government Departments, the organizations there under and the public sector undertakings which have public interface should revise their Citizens Charter, declaring commitments to the services they provide in line with IS 15700 : 2005 – Requirements for Service Quality in the first instance and implementation of IS 15700 in a time bound programme. The Consumer Protection Officer of the respective department should be made responsible for implementation of Citizens Charter.
- (iv) Consumer Grievance Cell:** Public Service providing departments should establish Consumer Grievance Cell. The Consumer Protection Officer should be made incharge of the grievance cell. The Consumer grievances should be settled then and there. These cells should also try to educate the consumers relating to their services and also run websites detailing their services for the knowledge of consumers.
- (v) Complaint handling mechanism:** The public service providing departments should implement IS / ISO 10002 Quality Management – Customer Satisfaction - Guidelines for complaints handling in organizations.
- (vi) Social audit of in-house redressal:** There should be a social audit of in-house redressal mechanism by a panel. An outside member and representative of consumer organizations should be included the panel.

- (vii) **Performance grading:** Government departments, Public Sector Undertakings which have public interface should be graded based on their performance, in-house redressal mechanism and consumer satisfaction. A Committee should be constituted at state level with public, private partnership to grade the performance of organisation. The grading should be given wide publicity to encourage healthy competition among organizations.

## **B. Alternate Dispute Resolution (ADR) Mechanism**

30. It is evident that mere enactment of any legislation to protect the interests of the consumers by itself cannot serve the purpose of protecting the consumers' interest. The delay in disposal of cases by the redressal agencies at the District, State and National level including the level of pendency has been the cause of major concern. The dire need of the hour is to lessen the burden of consumer fora and to adopt alternate dispute resolution mechanism.
31. The Alternate Dispute Resolution can be done by a method of Mediation or Arbitration. Through Mediation, the consumer and the opposite party try to resolve the dispute with the help of a neutral third party called a Mediator. In the course of informal meetings, the mediator tries to resolve the differences between two parties. The mediator does not make a decision, it is upto the consumer and the other party to reach an agreement. The mediator helps to find a solution to the consumer.
32. In arbitration, the case is presented before an arbitrator, who makes a decision about the case. An arbitration panel can be constituted rather than one arbitrator.

### **(i) Alternate Dispute Resolution through Consumer Information Centres at State, District and Mandal level**

33. In most of the States, the Consumer Information Centres have been established at district level. The State of Andhra Pradesh has established Consumer Information Centres at State, District and Mandal level. These information centres can be strengthened to conduct Alternate Dispute Resolution.

**(ii) Alternate Dispute Resolution through Consumer Fora**

34. For prompt disposal of cases, pattern of Andhra Pradesh state may be adopted, where President of the forum call for both the parties and make the settlement outside the Court without the interference of advocates.

**C. Measures to strengthen formal redressal mechanism**

35. Following are some of the measures that can be adopted to strengthen the formal redressal mechanism:

**(i) Appointment of President, Members and other staff**

- To initiate action well in advance for filling up of future vacancies of Presidents / Members and to maintain standing panel for immediate appointment to the post of members of District Forum/State Commission
- Written examination and oral interview for appointment of the Members to the District For a / State Commission – A.P. Model.
- To avoid staff shortages such as in the grade of Stenographers, States/UTs can consider engaging services of such persons through contractual arrangements
- 50% sharing of the cost of staff with centrally sponsored scheme.

**(ii) Minimum infrastructure and staff**

- Minimum infrastructure and staff as per the recommendations made by the Committee headed by Dr. S.K. Nanda Principal Secretary Department of Consumer Affairs, Government of Gujarat may be provided to the Consumer Fora.

**(iii) Review of performance of the Presidents And Members**

- Performance of the Presidents and Members of the Consumer Fora Should be reviewed at least once in a year by the committee constituted for the selection as per the provisions of the Act.

- Suitable provisions should be made for removal of President/Member of the Consumer Fora not only on account of misconduct but also on non-performance. The recommendations of the selection committee shall be binding on the government.
- Every Consumer Forum should try to dispose of 20 to 25 cases per week on the pattern of Lok Adalats

**(iv) Reasons for delay in disposal**

- Cases must be disposed in the Consumer Fora within 90 to 150 days as per the provisions of Consumer Protection Act, 1986.
- In case, it is not disposed off within the specified time limit, reasons for delay should be mentioned by the concerned President of the Forum and place before the selection committee every quarter.

**(v) Transparency in Consumer Fora**

- To bring about transparency and to increase efficiency of consumer Fora, a list of cases decided every week should be made available to public through Press releases and also hosted on website of the State Government.

**(vi) Providing sufficient funds**

- The Consumer Fora should have complete financial independence with sufficient budgetary allocation.
- The State Governments may be requested to provide sufficient Funds to the State Commission and District Consumer Fora for their effective functioning. **(Annexure-XIII-A)**

**(vii) Publishing Landmark Judgments**

- All the landmark judgments should be published by the Government for the knowledge of consumers and online uploading of disposals should be made as a rule.

**(viii) Library**

- Library – The District Fora should be provided funds for procuring Bare Acts, Journals and orders of the National Commission and State Commission.

**(ix) Controlling Power**

- The control and power of taking disciplinary action over the staff of the National Commission be given to the President of National Commission.
- Similarly, control over staff in respect of State Commission and District Fora be given to the President of the State Commission and District Fora respectively.

**(x) Uniform Salary**

- Salary – A uniform pattern of honorarium be given to the Presidents / Members of the State Commissions/District Fora because they are performing the same nature of duties all over the country. While working out the uniform pattern of honorarium the concept of whole time and part time forums may be taken into account.

**(xi) Video Conferencing**

- Video Conferencing needs to be popularized and held frequently from time to time with the Presidents and Members of Fora by the President of the State Commission

**(xii) Additional Benches**

- Additional Benches of State Commission and additional District Fora may be set up, wherever required for timely disposal of cases – Workload norms may be prescribed.

**(xiii) On-Line Complaint Registration**

- Facility of on-line complaint registration should be initiated.

## **II. BUILDING STRONG CONSUMER INFORMATION SYSTEM**

- 36.** Without information on quality, quantity, potency, purity, standard and price of goods and services, consumers can not make a right decisions and protect themselves from abusive practices. The expansion of the market and the availability of a wide range of consumer goods and services have led to a situation where the possibility of unsafe goods and services creeping into the market is inevitable. It is essential to take appropriate steps to ensure that consumers get quality goods and services and they are protected from unsafe goods and services.
- 37.** There are various safety related issues that plague the Indian consumer. To name a few food adulteration, spurious drugs, contra branded products, pesticide residues in soft drinks, fire accidents in public places, are some of the major concerns of today.

Lack of

- Proper testing facilities
  - Information on safety aspects of products and services
  - Consumer awareness
  - Enforcement Officials
  - Effective institutional mechanism to disseminate information
- are all reasons that militate against the proper implementation of the body of legislation and existing mechanisms.

- 38.** Safety is a state in which hazards and conditions leading to physical, psychological quality issues are dealt with by various articles of the Constitution of India as well as bye laws of the Parliament and State Legislatures. The Consumer Protection Act, 1986 enshrined the consumers' rights to safety. There are important pieces of legislation that have a bearing on the right to safety. To name a few, Prevention of Food Adulteration Act, 1954, Bureau of Indian Standards Act, 1986, The Essential Commodities Act, 1955, Motor Vehicles Act, 1988, Drugs and Cosmetics Act, 1940 and so on. Acts dealing with services like Railways or Electricity have safety provisions built in.
- 39.** In spite of legislations, systems and mechanisms to guarantee the right to safety of a consumer, the reality on the ground is quite different. In this context it is essential to take appropriate steps both at Central and State level to ensure safety and appropriate information on safety and appropriate

information on safety aspects of products and services to protect the consumers and to enable the consumers to protect themselves.

(i) **Consumer Product Safety Commission:** There should be a consumer product safety commission to check the safety aspects of consumer goods and services.

(ii) **Food Testing Laboratories:** Facilities of food testing should be made available to common consumers.

- The Consumer Information Centres should be equipped with food testing laboratories.
- The chemistry laboratories, food testing laboratories of NAAC accredited colleges be equipped and the services of such labs should be made available to consumers and consumer organizations.

(iii) **Product Testing Laboratories**

- Number of product testing laboratories should be increased.
- The laboratories of Engineering Colleges should be made available to consumers and consumer organizations.

(iv) **Publishing test results:**

The results of product testing should be published for consumer information.

### **III CONSUMER EMPOWERMENT**

**40.** Consumer education is meant to ensure that the consumers have access to the knowledge and the skills to be informed consumer. The right to consumer education envisages the right to knowledge and skills needed for taking decisions and to protect the consumer interest.

**41.** It is well understood that mere legislation will not fulfill the need of reaching out to the consumer. Consumer Education should be imparted and proper information dissemination has to be made through a decentralized system involving various stakeholders.

42. Following are some of the schemes appropriate to empower the consumer.

**A. Consumer Protection through Consumer Education**

A holistic approach for promoting both formal and informal system of consumer education is needed. The existing schemes can be strengthened besides introducing new schemes. The following are some of the steps that can be taken up at Central and State Government level.

- Introducing Consumer Clubs in all educational institutions from the level of High School to the Universities
- Strengthening the existing Consumer Clubs in schools, colleges, universities etc.
- Monitoring the activities of the Consumer Clubs, District Consumer Protection Councils / District Consumer Information Centres / Universities through the CVOs by Consumer Affairs Department of the State Governments.
- Linkage between Consumer Clubs and Consumer Information Centres, at Mandal / Block / District and State level.
- Developing literature for Consumer Clubs to build a strong base for “Empowered Consumer”.
- Working out a “Calendar of Activities”
- Training to teacher guides and supply of literature to all the educational institutions / public libraries.
- Conducting competitions among Consumer Club members at National, State, District and Mandal level.
- Forming Action Teams with Consumer Club members on a focused activity on certain areas of consumer exploitation such as adulteration, fake and spurious products etc.
- Evolving regular Funding Pattern.

**B. “Enlightened Consumers through Diploma and PG Diploma courses”**

1. Introducing Diploma and PG Diploma courses through mode of Distance Education in all the Universities.
2. Introducing the Consumer Education as an add on course in the existing regular degree programme making part of the compulsory subjects at the degree level.

3. Incorporating project work related to the activities of Consumer Clubs and Consumer Information Centres for all the P.G. Courses in Social Sciences / Management Courses.
4. Encouraging personnel of CVOs to undergo the course by giving some incentives like preference for sanction of financial assistance from Consumer Welfare Fund or making them In-charge of Consumer Information Centres and so on.

**C. Empowering the Consumers through the Dissemination of the Consumer related information through the Centres.**

43. The main aim of Consumer Information Centres is to spread consumerism and to lead the consumer movement with the participation of people of all sectors spread over in the Mandal (Block), District and State.
44. The Consumer Information Centre can be established at State, District and Mandal (Block) level. The activities that can be taken up by these centres are:
  - Conducting Alternate Consumer Disputes Resolution
  - Establishing Testing Laboratories
  - Establishing Consumer Libraries
  - Conducting Consumer Awareness Campaigns
  - Celebrating National Consumer Day, World Consumer Rights Day and other important days to focus on the specific areas of concern.
  - Conducting Training to Teacher Guides of the Consumer Clubs.
  - Conducting Redressal Campaigns pertaining to public utilities
  - Establishing Linkage between Consumer Information Centres at State, District and Mandal (Block) level and Consumer Clubs.
  - Developing Action Plan for Redressal of Consumer Grievances in liaison with other Departments. Encouraging participation of Educational Institutions in conducting programmes.
  - Planning small projects for the Diploma and PG Diploma Students.

**D. Consumer Awareness through Aggressive Media**

45. Efforts should be made to display the information on consumer issues on Hoardings, Bus shelters, Buses etc.

#### **E. Consumer Education Programme on TV channels.**

46. Consumer awareness programmes can be telecasted through private and Government channels.

#### **IV. REVIEW OF ENACTMENTS PERTAINING TO CONSUMER PROTECTION INCLUDING CONSUMER PROTECTION ACT, 1986**

47. The Consumer Protection Act, 1986 is the umbrella Act that enshrined the consumer rights. Some other important pieces of legislation that have a bearing on consumer protection are :
- Prevention of Food Adulteration Act, 1954
  - Bureau of Indian Standards Act, 1986
  - Agricultural Produce (Grading and Marking) Act, 1937
  - Essential Commodities Act, 1955
  - Prevention of Black Marketing and Maintenance of Supplies of Essential Commodities Act, 1980
  - Motor Vehicles Act, 1988
  - Drugs and Cosmetics Act, 1940
  - Sale of Goods Act, 1930
48. The Acts dealing with other services like Pollution Control, Railways, Electricity, Transport, Communications, Insurance, Banking etc have provisions to protect the consumer interests.
49. The Bureau of Indian Standards (BIS) certification marks scheme was introduced in 1956. Various items of mass consumption which have health and safety implications, were bought under compulsory 'ISI marking' while for other products the marking was voluntary.
50. A number of Ministries including those of Consumer Affairs, Food and Public Distribution, Health and Family Welfare, Chemicals and Fertilizers, Agriculture, etc. are involved in various issues related to the protection of the consumers. This makes the implementation of laws complicated.
51. All these legislations need to be reviewed in consonance with the provisions of the Consumer Protection Act, 1986.

### **III. Sub-Group Report On Internal Trade And Futures Market including Pricing**

#### **Chapter 1**

#### **COMMODITY FUTURES**

##### **A Historical Background**

- 52** Continuous supply of the goods is essential for any business activity. The Forward Contracts in commodities ensures that the manufactures, processors, or producers get continuous supply of the raw materials. Forward Contracts are merchandising contracts and provide for taking and giving of actual delivery of goods at a specified price and at a specified future date. The futures/ hedge contracts, which evolved at a later stage, provide various functionalities associated in the commodity market with a instrument to manage the price risk of the physical market. The tradition of futures markets in India is as old as in USA and other developed markets. Commodity futures trading started in various other commodities like Gold, Silver, Wheat, Oilseed Complexes and Jute. The markets by and large were not subjected to any Government control / regulation till 1943. In 1943, the Defence of India Act was used on a large scale for banning forwards in certain commodities and regulating trading in other. The prohibition on commodities futures trading continued even after Independence.
- 53** In 1952, Forward Contracts (Regulation) Act, 1952 (FCR ACT) was enacted to regulate the commodity futures market and Forward Markets Commission (FMC) was set up as the commodity futures market regulator in 1953. However, because the apprehension in the minds of the policy makers about deleterious effects of speculation in the commodity futures, futures markets were prohibited in most of the commodities, except for few minor commodities like black pepper and turmeric. The prohibition continued for about 3 decades.
- 54** The process of liberalization initiated in 1991 also had its impact on the futures trading. A Committee was appointed under the Chairmanship of Prof. K.N. Kabra to examine and make recommendations on changes in the policies relating to commodity derivative in the context of liberalization

and globalization. The Committee submitted its report in September 1994 and recommended introduction of futures trading in various commodities. Besides, the World Bank and the UNCTAD Report of November 1996 also recommended revival of commodities futures markets in India. Various initiatives were taken post 1998 for the revival of the markets.

**55** The **major thrust** in the revival of these markets came in 2003 when, the following two initiatives were taken to develop these markets.

- (i) Prohibition on futures trading lifted in all the commodities w.e.f 1st April 2003.
- (ii) Three 'National' level Exchanges i.e. National Multi Commodity Exchange, (NMCE) Ahmedabad (10.1.2003), Multi Commodity Exchange, (MCX) Mumbai (26.9.2003) and National Commodity and Derivatives Exchange, (NCDEX) Mumbai (20.11.2003) were granted recognition for commodity futures trading. These Exchanges are demutualised and corporatized entities and provide state of the art online electronic trading platform.

## **B Benefits of Futures Trading**

**56** **Futures contracts** perform two important functions of **price discovery** and **price risk management** with reference to the given commodity. It is useful to all segments of economy. It is useful to the producer because he can get an idea of the price likely to prevail at a future point of time and therefore can decide between various competing commodities, the best that suits him. It enables the consumer in that he gets an idea of the price at which the commodity would be available at a future point of time. He can do proper costing and also cover his purchases by making forward contracts. The futures trading is very useful to the exporters as it provides an advance indication of the price likely to prevail and thereby help the exporter in quoting a realistic price and thereby secure export contract in a competitive market. Having entered into an export contract, it enables him to hedge his risk by operating in futures market. Other benefits of futures trading are:

- i. **Price stabilisation** - By helping in planning future production / imports / exports on the basis of the signals emitted in the futures market the violent price fluctuations are tampered resulting in medium term price stabilization. Leads to **integrated price structure** throughout the country.

- ii. Ensures **balance in supply and demand** position throughout the year.
- iii. **Encourages competition** and acts as a price barometer to farmers and other trade functionaries.

## **C Scheme of Regulation of Commodity Futures Market**

**57** There are **three tiers of regulations** of forward trading viz. The Central Government, Forward Markets Commission and the Recognised Commodity Exchanges/ Associations.

- The **Central Government** broadly determines the policy as to commodities in which futures/forward trading is to be permitted and the recognition of Exchange/ Association through whom such trading is to be permitted.
- The **Forward Markets Commission** performs the role of approving the Rules and Regulations of the Exchange subject to which the trading is to be conducted, accord permission for commencement of trading in different contracts, monitor market conditions continuously and take remedial measures whenever the trading tends to go outside the permissible limits.
- The **Recognised Exchange/ Association** provide the frame work of Rules and Regulations for conduct of trading, the place where the trading is to be conducted, reporting and recording of contracts, execution & settlement of contracts, forum for exchange of documents and payments, etc.

**58** The **system of regulation** of the commodity markets is seen as contributing to the overall objectives of ensuring an efficient market, reducing information asymmetry and promoting confidence in the market. The regulations aim at protecting the customers (members and clients) from manipulative practices. **Regulation aimed at the prevention of market manipulation focuses on maintaining the integrity of the market price of commodities or other instruments in both the cash and derivatives segments of the market.** Regulatory oversight attempts to ensure that market prices are not distorted by manipulative activity and to prevent false or misleading information being released into the market. Regulatory oversight attempts to ensure that market prices are not

distorted by manipulative activity and to prevent false or misleading information being released into the market.

**D. Present Status of Commodity Futures Trading**

- 59** Futures trading is presently being organised through three National and 21 Regional Exchanges. The value of trade in the major Exchanges is given at **Annexure-XIV**. At present about 103 commodities are notified for futures trading and actual trading is taking place in about 92 commodities. It may be seen from the statement that the last four years have seen an exponential increase in the value of trading. The value of trading which was just Rs.66 thousand crores in 2002-2003 increased to Rs.21.34 lakh crores in 2005-2006 (an increase of more than 30 times).

## CHAPTER 2

### ISSUES CORE TO FURTHER DEVELOPMENT OF THE COMMODITY FUTURE MARKETS

- 60** Commodity futures markets as may be seen from Chapter I provide various useful externalities to not only those who participate in these markets but even to those who don't participate in these markets. These externalities are the result of the economic functions of price discovery and risk management performed by these markets. Because of these externalities, the commodity futures market has forward and backward linkages in the economy. The success of commodity futures market needs an enabling environment in terms of warehousing network with grading and testing standards at par with the international standards, transparent and unified spot market, absence of trade barriers facilitating free movement of goods, network for spot and futures price dissemination, awareness amongst the various stakeholders etc.
- 61** While the commodity futures market has grown beyond expectations, the regulatory institutions have not evolved to meet the challenges of the thriving market. It is important to update the statutory provisions, restructure and strengthen FMC, set up institutions of adjudication, investigation and appeal to ensure market and financial integrity and forestall the potential threats of manipulation and frauds. The Regulator has also to check anti-competitive policies adopted by the Exchanges and major market players. The System put in place by the Exchanges / Regulator to ensure protection / safeguard of the interests of the participants at the Exchanges is at **Annexure-XV**.
- 62** The success of these markets depends upon the efficiency of the price discovery and the system of trading clearing and settlement of the contracts put in place by the Exchanges. The efficiency of the price discovery is a function of large and diverse participation. The Exchanges even though have put in place a modern and robust trading and related systems, still a lot needs to be done with regard to the settlement of the contracts traded. The efficiency of the Final Settlement of contracts is impaired because of a fragmented spot market. The final settlement of the contracts is of utmost importance and the systems / mechanisms put in place should not only be objective but also perceived to be objective by the market participants.

- 63** Some of the issues which have been impairing the vibrancy of these markets and need to be addressed during the XI plan on priority basis are discussed below in detail:
- 64** **Strengthening and restructuring of FMC, the Market Regulator:**  
The market Regulator needs to have commensurate powers and operational flexibility to meet the challenges of the expanding market. FMC with its limited operational flexibility and financial autonomy has done extremely well but it needs to be strengthened and restructured to cope with the rapidly expanding market. An amendment to the Forward Contracts (Regulation) Act, 1952 has been proposed which seeks to provide financial and functional autonomy to FMC. The Act provides for generation of internal resources to meet the expenses towards regulation of the Commodity Derivative Markets. A Revenue Model giving details of proposed expenditure and income is at **Annexure-XVI**. It is therefore suggested that amendments to the Forward Contracts (Regulation) Act, 1952 may be approved at the earliest. This would make FMC financially autonomous and in due course there would be no need for budgetary support from the Government. But to develop the institutions of backward and forward linkages the Government funding during the XIth Plan would be required.
- 65** **Framing of Regulation:**  
The Forward Markets Commission would have to frame various regulations after the amendment to F.C(R)Act, 1952 are approved. An indicative list of such amendments is given at **Annexure-XVII**.
- 66** **Participation of Banks, Mutual Funds, FIs, in the Commodity Futures Market:**  
The participation of Mutual Funds, FIs and Banks in a Commodity futures market would increase liquidity in these markets. It may however be noted that their participation is not being advocated for a narrow purpose of bringing in liquidity. The participation of these entities would lead to an increase in the number of end users. Mutual Funds would represent the investor interest at the retail level while the FIs would bring in the best international practices and knowledge. Banks because of their role of aggregators and respectability as an institution will actually represent the end users. Many of the banks have rural reach which can not be matched by any other institutions. Involvement of these institutional investors would deepen the market and also attract others who would have better capacity to take risk and thereby enabling the producers to get a better price from the institutional investors. Participation of Banks, Mutual Funds, FIs

countervails the excess power that one entity could have in determining the prices. The price signals emanated from such an Exchange would be more reliable and serve as a true barometer of the events to unfold in future which can be used by various intermediaries associated in the commodity market, Government and policy makers.

**67 Fragmented Spot Market and key role National Online Spot Markets can play:**

The Exchanges perform three functions i.e. trading, clearing and settlement. The Exchanges have put in place the best international practices concerning trading and clearing. The Exchanges provide for online trading with national reach and all the contracts are cleared on a daily basis. However, the final settlement of the contract remains a contentious issue. The contracts, which are, settled other than by compulsory delivery, have to be settled on the prevailing spot price. The imperfections of the spot market affect the efficiency of the Final Settlement Process. Non-availability of the spot prices linked to the quality of the commodity traded and real time dissemination of the same poses difficulty in fixation of transparent final settlement price. Currently the methodology adopted by all the Exchanges is based on polling of prices from spot market traders. The methodology suffers on account of subjectivity in the prices polled from the physical market traders. The price quoted by a trader in such polling process may not be exactly for the same variety, which is traded on the futures market. Spot market for agriculture produce are subjected to APMC Act which differs from State to State. In order to integrate and make a unified market for the country as a whole all States need to adopt the model APMC Act circulated by the Ministry of Agriculture and Co-operation.

**68 Promoting National level Exchanges for spot trading of agricultural commodities.:**

National level Spot Exchanges can be promoted as an alternative to the existing fragmented spot markets for agricultural commodities. Such a national level platform would help transcend regional and state boundaries and pave the way for participation by concerned entities irrespective of geographical locations. The trading platform provided by such Exchange would be transparent, efficient and cost-effective benefiting both producer and consumer. The farmer would stand empowered by virtue of the electronic platform which would extend the reach to buyer across the length and breadth of the country. But it would be imperative to rationalize the existing legal framework, tax structure and

develop modern warehousing infrastructure. A well regulated national level spot market with national reach, providing for competitive buying and selling can rid us of the ills presently associated with the spot market which adversely impinge upon the efficiency of the futures markets. Proposals have been received by the FMC from National Commodity and Derivatives Exchange, Mumbai and Multi Commodity Exchange, Mumbai for setting up of national level spot markets. The proposals received from these Exchanges are annexed at **Annexure-XVIII and XIX** respectively.

**69 Providing appropriate legal framework for development and regulation of warehouses.**

Stipulation of physical delivery incase of all outstanding positions in the futures market is crucial for convergence of spot and futures markets. However to facilitate smooth delivery it is necessary to have modern warehousing infrastructure backed by appropriate legal framework for negotiability of warehouse receipts with facility to transfer titles electronically. It is urgent that the Warehousing (Regulation and Development) Bill, 2005 is passed by the Parliament and the statutory provisions for regulation and development of modern warehousing infrastructure are put in place. Warehousing sector also require substantial investment during the XIth Plan to cater to commodity specific and region specific requirements of warehousing, testing and certification. The Department of Food proposes to augment warehousing infrastructure, with the help of Asian Development Bank Project. The focus of ADB Project will be on some of the States having significant share in agricultural produce.

**70 Setting Quality Certification Standards:**

Keeping in view the current state of non-availability of national standards for certain commodities (e.g. guarseed and kapas) or the fact that there are overlapping standards in respect of certain commodities, it is required that the standards shall have to be reviewed and made in line with international standards. The standards prescribing grades, quality parameters and testing procedures should be finalised/harmonized with the prevailing international standards covering. BIS and AGMARK may be requested to update and harmonise standards for the list of 31 commodities identified by the Department important from the futures trade point of view. The national grading agency/ies like BIS could be made certifying authority for Assayers and their processes based on their

infrastructure, know-how and personnel and to evaluate such things periodically. BIS or any similar Institution may also act as the final Authority for Assaying certificates in cases of differences in the quality confirmation reports issued by certified assayers and the decision of such Authority shall have to be binding on the Assayers and the disputing parties.

**71 Creating awareness about the Futures Markets:**

The long period of ban on the futures markets has created a generation, which is bereft of acumen of participating in futures markets. There is a urgent need to launch massive awareness campaigns to create awareness among various stake holders like farmers, stockiest, importers, exporters about the useful role played by these markets and how they can derive benefits form these markets. The consumer cells, self help groups and institutions of panchayats can be used to generate awareness. Training and capacity building of these institutions would help create awareness among all stakeholders.

**72 Price Dissemination**

The prices prevailing at the Exchanges need to be disseminated at the Mandis, APMCs etc. and other such destinations frequented by farmers to help the farmer community take informed decisions. This would improve the bargaining power of the farmer and reduce the role of the middle man. The Department proposes to build network of electronic dissemination of spot and futures price data in major agri-producing States during the XIth Plan. The network would link APMCs, rural markets/hats panchayats and commodity futures Exchanges. Resources from international agencies like ADB and USAID would also be invested during the first three-four years of the Plan to expand the price dissemination network. It is proposed to put ticker boards in all the major mandis and APMCs. The electronic and print media should also be extensively used for the purpose of the price dissemination.

**73 Developing the Human Resource Base:**

The growth of the markets would require trained manpower at level of broking houses, exchanges and the regulator. The shortfall with the human resource is being felt at various levels in the first two years of the opening up of the markets and is likely to accentuate in future. It's suggested that the subject Commodity Derivative Market be introduced in the curriculum of business schools, agricultural universities and other post graduate courses. FMC should collaborate more actively with agricultural

universities and specific MOUs to be signed with Agricultural Universities for knowledge sharing.

**74 Removal of restrictions on interstate movement of Goods and differences in the regulatory structure in different states:**

It is suggested that pending amendment to APMC Act of the State Governments, a central legislation governing the spot markets across the country be enacted to enable and streamline trades in all commodities from any part of the country without the requirement of multiple compliances in respect of each State. Considering the revenue implications out of this, the States may be entitled to taxes arising on account of deliveries happening within the relevant State while the licensing and registration requirements could be centralized.

**75 Linkages with the Panchayati Raj Institutions and organizations dealing with Rural Development:**

Panchayati Raj Institutions and agencies dealing with rural development could play a pivotal role in creating awareness about the futures markets at the village level.

**76 Permitting Options in goods and certain types of derivatives and derivative products like index futures, weather options, etc.:**

Prohibition of Options in goods and certain types of contracts like Index futures, weather options etc. has stunted the growth of commodity markets and has created inefficiencies in the system of price discovery and risk management. This has also led to a backwardation in comparison with the growing global commodity markets which trades in such efficient instruments which have the potential to give finesse to price discovery mechanism.

**77 Issues related to different tax structures in different States:**

Misaligned tax regimes result in regulatory arbitrage for traders who are not averse to deriving benefits from such opportunities. The pricing strategies of traders are influenced by differential tax rates and sometimes become restrictive from a geographic or market growth perspective. The system of both 'Union excise duty' and 'State sales tax', the two principal components of the domestic trade taxes, has given rise to inefficiencies that have cost the economy dearly. Moreover, there are inter-state differences in definitions, rates, enforcement and incidence of taxes. Traders thus have to keep track of all the returns that have to be submitted, with each return running into innumerable pages. Further, problems only get compounded for those with operations in

more than one State since different States have different requirements and formats for returns. Though now, most of the States are adopting the VAT system, the difficulties still exist as some of the States are yet to adopt the VAT laws. All this has led to breaking up the vast Indian market into a large number of smaller regional markets. There is a need for a progressive dismantling of controls and restrictions and the bringing about of a pan-Indian market for free movement and trade of commodities within the country to enable effective price discovery.

**78 Transactions in the Commodity Derivative Markets to be considered at par with the Security Market Derivatives for the purpose of Section 43(5) of Income Tax Act.**

Transactions in commodity forward contracts/futures on the national level online commodity exchanges recognized under Forward Contracts (Regulation) Act, 1952, be considered at par with the security market derivatives for the purpose of Section 43 (5) of Income Tax Act. Transactions in such forward contracts should not be considered as 'speculative transactions' for the purpose of aforesaid provision of Income Tax Act and a suitable modification in the definition of Speculative Transaction should be carried out to the extent that profits and losses of trades done on the commodity exchanges recognized under Forward Contracts (Regulation) Act, 1952 are eligible for set off like in case of securities transactions.

**79 Uniformity in the Arbitration Process:**

The various state APMC enactments currently provide for dispute resolution through arbitration while the requisite mechanism is unavailable in some states. A uniform /centralized dispute resolution mechanism is the immediate need in respect of all State APMCs.

**80 Benefits under Excise Laws:**

The invoices issued by manufacturer / dealer in a futures contract resulting in delivery, be treated as first stage dealer / second stage dealer after considering the number of trades conducted on an electronic exchange even though there is no transfer of actual physical possession of goods since the first 'stage dealer/ second stage dealer' concept is dependent on physical movement of goods from warehouse since the term 'sale / purchase' is defined as physical transfer of possession of goods.

## CHAPTER 3

### INTERNAL TRADE

**81** To pursue the vision of the Prime Minister to create single market across the country for both manufactured and agricultural produce with encouragement of agro-industry linkages, there are several key issues that need to be taken up on priority basis during the XI<sup>th</sup> Plan. The 11<sup>th</sup> Plan has to focus on removal of internal barriers; repeal/amendments of various laws; removal of constraints in wholesale, retails and futures trade and making India as hub of global trading for a number of commodities. All these are essential to reduce cost of intermediation, enhance competitiveness, generate employment and benefit the ultimate consumers.

#### **82 Retails Sector**

The retail sector in India is almost about one third of GDP and organized retail sector constitutes about 3 per cent of the total retail. The sector has a huge potential for employment generation and therefore needs to be given utmost priority.

#### **83 Steps taken so far to Promote Organised Retailing**

(i) **The Essential Commodities Act:** The Essential Commodities Act, 1955 was enacted for the control of production, supply and distribution of and trade and commerce in certain commodities in the interest of the general public. The powers under this Act have been exercised by various Central Government Ministries as also by the State Governments. With the liberalization and dismantling of controls, the need to relax various controls on agricultural products including controls on inter-State movement of such products has been felt. Accordingly, Department of Consumer Affairs has initiated action to review this Act by introducing a Bill in the Parliament during the last Winter Session with a view to removing unnecessary restrictions and relaxing controls on various commodities for *inter-alia*, facilitating smooth internal trade.

(ii) **Standard of Weights and Measures Enforcement Act:** To keep the legal metrology in tune with the changes in the international practices and technological innovations, Department of Consumer Affairs is amending this Act to provide, inter alia, for (a) issue of

guidelines by the Central Government for uniform implementation of the provisions of the enactment; (b) doing away with the requirement of registration of users of weight or measure with enforcement officers; (c) validating the licence for the whole of the country, for manufacture and repair of weight or measure issued by a State Government and enabling the Central Government also to issue such all India licence, for convenience.

**(iii) Entry of Foreign Direct Investment in Retailing**

The Planning Commission in its Mid-Term Appraisal of the Tenth Five Year Plan has recommended the opening of retail sector to FDI. "There is a strong case for allowing FDI in modern retailing. Entry of modern foreign retailers through joint ventures in India will help develop backward linkages to sources of supply and thus develop a domestic supply chain capable of international quality standards." However, granting FDI in the retail sector will have no relevance unless constraints in the way of domestic organised retailing are removed. Limited progress has been made in this regard by allowing majority stake in cases of "single branded "products. Further FDI in retail should be allowed with controlling stakes as other wise the major foreign players may not be inclined to invest huge funds required and bring in the necessary technology.

**84 Present structure of spot market in Agricultural Commodities**

- (i)** Agriculture marketing is a State subject. Spot market for agriculture produce are subjected to APMC Act which differs from State to State. The State Governments have enacted the APMC Acts even though various provisions contained in the Act are similar across States. The State Governments under the Act have the power to approve APMCs in their respective states and also to define their geographical jurisdiction. State Government also has power to notify a commodity under the specified schedules of the APMC Act and once a commodity is notified in the schedule, provisions of APMC Act become applicable on such commodity. If a commodity is not notified under this schedule, such commodities are not regulated commodities and in such case, APMC rules do not have any application in respect of trading in such commodities.
- (ii)** Once a Commodity is notified in the Gazette under the schedule of APMC Act, the commodities can be traded only through APMCs

approved by the State Government. Private parties are not allowed to set up APMCs

- (iii) As per law, there is no bar against sale of commodities by the farmers to any person anywhere in the country. However the law specifies prohibition on the buyers. In other words, though the farmers can sell their produce to anybody, whether in wholesale or retail, and to an APMC license holder or an end user or consumer or to a trader not holding APMC license. But, as per APMC law, a person cannot buy in bulk or wholesale directly from the farmer, unless he is holding APMC license. Since there is a bar on the non-APMC license holders on buying from the farmers directly in bulk, the farmers are indirectly disabled to sell their commodity to non-APMC traders.
- (iv) For the purpose of sale, the farmer has to bring the produce in APMC yard, where it is displayed, so that the traders can offer their bids, after visually inspecting the commodity. Such auction is conducted in presence of an APMC representative, who records each and every transaction in his book for the purpose of levying APMC cess. Auction is conducted through out cry bidding process, where each trader holding kachcha arhat license is allowed to quote bid. The produce is marked by the APMC representative to the highest bidder discovered in this process.
- (v) The purpose of regulation of agricultural markets was to protect farmers from the exploitation of intermediaries and traders and also to ensure better prices and timely payment for his produce. Over a period of time these markets have, however, acquired the status of restrictive and monopolistic markets, restricting direct and free marketing, organized retailing, smooth raw material supplies to agro – processing, competitive trading, information exchange and adoption of innovative marketing systems and technologies. Farmer cannot sell his produce directly in bulk except on retail basis to the consumers. Farmers have to bring their produce to the Market yard. Exporters, processors and retail chain operators cannot get desired quality and quantity of produce for their business, directly from the farmer due to restrictions on direct procurement. The processor cannot buy the produce at the processing plant or at the warehouse directly from the farmer. The produce is required to be transported from the farm to the market yard and then only it can be purchased and taken to the plant. Thus

there is enormous increase in the cost of marketing due to transfer of goods through multiple hands and the farmer ends up getting a low price for his produce compared to the ruling market prices.

- (vi)** Under the APMC Act, only State Governments are permitted to set up markets. The licensing of traders in the regulated markets has led to the monopoly of the licensed traders acting as a major entry barrier for a new entrepreneur. The traders, commission agents and other functionaries organize themselves into associations, which generally do not allow easy entry of the new persons, stifling the very spirit of competitive and transparent functioning.
- (vii)** Regulated markets or organised mandis were set up under the Agriculture Produce Marketing Act to help upgrade market yards, storage, grading and packaging and other market services like market information, intelligence and verification of weights and scales. This however, not only has created a long chain of intermediary between the farmer and the end consumer, which function under various names like kachcha arhatia, pakka arhatia, commission agent, trader at producing center, stockiest, dealer, whole seller and retailer at consuming center but also kept private entrepreneurship out of the agricultural marketing as they cannot set up their own APMCs.
- (viii)** The Government have circulated a Model APMC Act to the States for their guidance and further action. The Agriculture Ministry also held a conference of the State Ministers in charge of Agriculture Marketing in November 2004 at Bangalore under the Chairmanship of the Hon'ble Union Minister for Agriculture for evolving a nationwide consensus on reforms in marketing sector and to accelerate the pace of its implementation. It was felt that the reforms in APMC Acts were necessary for creating a nationwide integration of the agriculture markets, facilitating emergence of agriculture markets in private and co-operative sectors and creating a conducive environment for private sector investment in the market infrastructure.

**85 The following measures are suggested for promoting organised retailing and Spot Markets in India:**

- 1. Simplification of taxation laws and grant of tax holiday:** The VAT has been adopted by most of the States. For a smooth flow of goods across the States, the VAT should be implemented in the remaining States as well. There should be uniformity in all State legislations and all other local taxes may be discontinued. This is in line with the recommendations of Kelkar Committee. The Octroi should be abolished as it acts as a barrier to trade and leads to large-scale wastage. Central Sales Tax(CST) should be abolished as destination based VAT and CST can not go hand in hand. At present the rate of stamp duty on properties are exorbitant and varies from State to State. To encourage organized retailing it is important that stamp duty rates are brought down from 8-12 % to a reasonable level. In view of the huge employment potential of the retail sector, this sector needs to be promoted by granting tax holiday under the Income Tax Act.
- 2. Review of Archaic Laws:** At present, retailing is governed by Indian Contracts Act and the Sales of Goods Act and Regulations therein. Statutory provisions have not kept pace with the changes in the economy. Several new modes of retail marketing have evolved to market goods and services. Direct selling has grown significantly overtime. To regulate the retail market effectively in the interest of the industry as well the consumers, there is a need to review these laws and regulations and replace them by a new umbrella legislation. There is a need to frame Retail Sector (Regulation) Act, and the States can frame their own Rules under the Act. There is a need to have a centralized registering authority for organized and direct selling retailers. The precedence of such laws is already available in the form of model APMC Act and Integrated Food laws. The review should attempt to evolve a simple, transparent, and business and consumer friendly legal framework. States should consider a single procedure for granting licences, irrespective of goods/services traded.
- 3. Real Estate and Zoning Laws:** In the urban planning, there should be provision for allocation of larger space for commercial activities. The urban planning should provide for regular supply of real estate in a transparent fashion. The rent should be linked to

the market value. Allocation of the commercial space should address likely trend in the demographic profile in the catchment area. In the urban planning, a fundamental understanding is required that the business of shopping centres/complex is not the business of real estate but the business of retail and customer. Task Force on Employment, Planning Commission (2001) in its report had recommended that liberalising land and rental markets is an important precondition for developing an efficient and modern retail sector which is necessary to support the high growth scenarios projected.

**4. According Industry status to retail sector:** It is utmost important to accord industry status to the retail sector so as to give greater focus on retail development and insure organized financing and fiscal incentives to retail sector. By giving industry status to the retailing, following benefits would be available:

- (a) Banks will develop lending norms for the retail sector.
- (b) Retailing can access finance from the formal sector at a competitive cost.
- (c) It would be regulated by a single Department in a holistic and a focused manner.
- (d) Becomes eligible for fiscal incentives as are available to any sunrise industry, especially cold chains.

**5. Human resources:** In the backdrop of likely shortage of the trained manpower for the retail sector, pro-active training is imperative for Indian retailers. In the absence of specialized institutions, retail industry relies on in-house training of its employees. Some large retailers have taken initiative by setting up their own retail schools e.g. RPG Institute of Retail Management & Pantaloon has tied up with KG Samayya Institute of Management. Internationally, large retailers such as Costco and Mc Donalds have their own universities, Costco University and Hamburg University respectively. We can initiate the process by introducing a separate course on retail management in the 10+2 classes as a part of vocational training. By this process, a large section of population will be provided basic skill for starting their career in the retail sector with gainful employment. Ministry of Human Resources Development may be requested to develop a curriculum on retailing.

6. **The Department of Consumer Affairs should deal with all policy related and administrative issues pertaining to retail trade and other segments of the internal trade:** Since the Department of Consumer Affairs is dealing with the issues of internal trade therefore all policy related and administrative issues pertaining to retail trade and other segments of the internal trade should be dealt by the this Department only. Administrative re-organization to vest one Department with all aspects of internal trade like the one for external trade (Department of Commerce) is imperative. Also at State level there should be single window clearances to approve the retails proposals. Time frame for approval should be fixed.
7. **Promoting National level Spot Exchanges for spot trading of agricultural and non agri-commodities:** National level Spot Exchanges can be promoted as an alternative to the existing fragmented spot markets for agricultural commodities and non-agricultural commodities. Such a national level platform would help transcend regional and state boundaries and pave the way for participation by concerned entities irrespective of geographical locations. The trading platform provided by such Exchange would be transparent, efficient and cost-effective benefiting both producer and consumer. The farmer would stand empowered by virtue of the electronic platform which would extend the reach to buyer across the length and breadth of the country. But it would be imperative to rationalize the existing legal framework, tax structure and develop modern warehousing infrastructure. A well regulated national spot market with national reach, providing for competitive buying and selling can rid us of the ills presently associated with the spot market which adversely impinge upon the efficiency of the futures markets. The proposals received from MCX and NCDEX for setting up of a National level spot market are annexed at Annexure-VI and VII.
8. **Direct Marketing by farmers to be popularized:** Direct marketing by farmers to the consumers has been experimented in India through Apni Mandis in Punjab and Haryana. The concept, with certain improvements has been popularized in Andhra Pradesh through Rythu Bazars and in Tamil Nadu as Uzhavar Santhaigal. At present, these markets are being run at the expense of the State exchequer, as a promotional measure, to encourage marketing by

small and marginal producers of fruit and vegetables without the help of the middlemen. Considering the vastness of the country, more and more such markets need to come up in the organized sector so that they can be developed in tune with the backward & forward linkages of the markets.

## CHAPTER 4

### REQUIREMENT OF FUNDS DURING THE XITH PLAN.

- 86 At present the Forward Markets Commission has two approved plan schemes i.e. **“Strengthening of the FMC”** and **“Regulation of Markets”** (introduced in 2001-2002). The Scheme “Strengthening of the FMC” was introduced in 2005-06 of the 10<sup>th</sup> Five Year Plan. In the first year of the Scheme because of various technical problems the full potentiality of the Scheme could not be realized. 2006-07 is virtually the first year of the Scheme when the scheme has been launched to its full potential. The objective of the plan proposal is to strengthen and enhance the capabilities of the regulator (FMC) in terms of expertise, resources and operational flexibility to meet the challenges of rapidly growing commodity trading.
- 87 The main components of the scheme “Strengthening of the FMC” are:
1. to strengthen FMC through training cum capacity building programmes;
  2. up gradation of IT facilities required for real time regulation of commodity futures markets;
  3. assisting national Exchanges and the State Governments to build network of connectivity between commodity exchanges and Agricultural Produce Markets Committees (APMC) for dissemination of spot and futures market prices for the benefit of farmers and other stakeholders and;
  4. implementing programmes/ campaigns for generating awareness about commodities futures trading benefits among all stake holders especially farmers.
- 88 As discussed in chapter II of the report the activities covered under the scheme are critical for the development of the commodity futures market. An amendment to the Forward Contracts (Regulation) Act, 1952 has been proposed which seeks to provide financial and functional autonomy to FMC. The Act provides for generation of internal resources to meet the expenses towards regulation of the Commodity Derivative Markets. A Revenue Model giving details of proposed expenditure and income has been prepared by the FMC. In the initial phase, the sources of Income would also include one time grant from the Government and interest free loans for first four years. The revenue model is at **Annexure-XX**.

- 89** Pending financial and administrative autonomy to FMC, the scheme, needs to continue during the XIth Plan. FMC would need Rs. 10155 lakhs during the XIth Plan to meet the targets outlined above. Year –wise and activity-wise requirements of funds during the XI Plan is estimated as given below:

**Year–wise and activity-wise requirements of funds during the XI Plan\***

**Rs. In lakh**

<b>Sr. No</b>	<b>Activity</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>Total</b>
1.	Up gradation of IT Facilities	150	500	500	100	100	<b>1350</b>
2.	Capacity building/ training/ consultancies	110	125	125	135	135	<b>630</b>
3.	Awareness and Development Programme	250	250	200	200	200	<b>1100</b>
4.	Connectivity of commodity exchanges with APMCs for dissemination of future prices	1000	1000	1000	1000	1000	<b>5000</b>
5.	Up gradation of the office infrastructure	400	400	400	425	450	<b>2075</b>
	<b>TOTAL</b>	<b>1110</b>	<b>1475</b>	<b>1475</b>	<b>1110</b>	<b>1135</b>	<b>10155</b>

The activities proposed under the Plan Scheme are at **Annexure – XXI**.

**90 Asian Development Bank (ADB) TA Loan Project during the XI Plan:**

- 1 ADB has sanctioned \$ 1 million TA Grant project to supplement the existing Plan scheme of FMC. The TA aims to build capacity of sector institutions and provide stakeholders, particularly small farmers, with reliable, real time price data through a robust price dissemination system with widespread reach. This will enable the creation of an enabling environment and infrastructure for small farmers to participate in and benefit from development of the commodity futures market. TA Grant component would also help in developing the overall framework and institutional design for the proposed Warehouse Regulatory and Development Authority, develop accreditation criteria for grading warehouses/ commodities,

\* The above projections in the XI Five Year Plan are in the eventuality FMC does not become autonomous.

\*\* (To be implemented on the basis of Public Private Partnership)

and to institutionalize the system of warehousing receipts (as negotiable instruments).

- 2** The TA Grant component is expected to set the basis for realizing the goal of an ensuing ADB Loan Project aimed to facilitate development of adequate warehousing infrastructure in rural India and promote warehouse receipts as a reliable instrument of market transactions, including assistance for developing systems which would promote supportive market infrastructure for small farmers, thus, providing them with more accessible market outlets. It is proposed to conduct a field study, covering about six to seven States, to assess the gap in warehousing sector needed for key agricultural commodities traded in commodity futures market. The study would also propose the details of funds requirement, terms of Public Private Partner model and other operational issues involved. The loan project is proposed to be launched in the last year of the Xth Plan and would be completed in four years. To operate the ADB assisted loan project the funds for the first three years of the XI Plan would be required by the FMC. Estimated loan component from ADB is about \$100 million staggered over four years. **Therefore, during the XI Plan about Rs. 250 crore would be required by FMC evenly spread over the first three years of the Plan.** The Plan provision would cover Government share of funding to implement the project by Private Public Partnership model. The expenditure is tentative and detailed modalities for the implementation of this component shall be based on proposed study.

## Chapter V

### THE RECOMMENDATIONS

#### **91. Recommendation to promote and further develop Commodity Futures Markets.**

The commodity futures markets have flourished beyond expectations however, the regulatory institutions have not evolved to meet the challenges of the thriving market. To promote and develop commodity futures markets the XIth plan has to focus on the following key areas:

1. Forward Markets Commission should be strengthened and restructured so as to provide for financial and operational autonomy.
2. The various regulations under the Forward Contracts (Regulation) Act, when it is amended, should be finalized.
3. The participation of Mutual Funds, FIs and Banks in the Commodity futures market has to be allowed. Banks, cooperatives and non-banking financial institutions should be allowed to play the role of aggregators on behalf of the small farmers.
4. States should adopt model APMC Act and remove all trade barriers to facilitate integration of fragmented markets.
5. National level Spot Electronic Exchanges should be promoted as an alternative to the existing fragmented spot markets for agricultural commodities and non-agricultural commodities. Such a national level platform would help transcend regional and state boundaries and also provide transparent and efficient trading platform.
6. Modern warehousing infrastructure backed by appropriate legal framework for negotiability of warehouse receipts with facility to transfer titles electronically needs to be developed. The Warehousing (Regulation and Development) Bill, 2005 should be passed by the Parliament and statutory provisions for regulation and development of modern warehousing infrastructure should be put in place.

- 7.** Quality certification standards should be prescribed for all the commodities based on international lines. The standards prescribing grades, quality parameters and testing procedures should be finalised/harmonized with the prevailing international standards covering. BIS and AGMARK may be requested to update and harmonise standards for the list of 31 commodities identified important from the futures trade point of view. The list is enclosed as Annexure- VIII. A national agency (say BIS) could be made the certifying authority for assayers.
- 8.** Nationwide awareness campaigns to create awareness among various stake holders like farmers, stockiest, importers, exporters about the useful role played by commodity futures markets and how they can derive benefits form these markets should be launched. The consumer cells, self help groups and institutions of village panchayats can be used to generate awareness. Training and capacity building of these institutions would help create awareness among all stakeholders.
- 9.** The network to link APMCs, rural markets/hats, panchayats and commodity futures Exchanges for dissemination of spot and futures prices should be built during the XIth Plan to benefit the farmers. The electronic and print media should also be extensively used for the purpose of price dissemination.
- 10.** The rapid growth of the commodity futures markets would in the short as well as long run require trained manpower. To meet the future man power requirement the subject commodity derivative market need to be introduced in various business schools, agricultural universities and post graduate courses. FMC should collaborate more actively with agricultural universities and specific MOUs to be signed with agricultural universities for knowledge sharing. Ministry of HRD should design a suitable curriculum on commodity futures trading to be adopted by various Universities.
- 11.** Pending Amendment to APMCs Act of the State Governments, a central legislation governing the spot markets across the country be enacted to enable and streamline trades in all commodities from

any part of the country without the requirement of multiple compliances in respect of each State.

12. Panchayati Raj Institutions and agencies dealing with rural development could play a pivotal role in creating awareness about the futures markets at the village level.
13. Options in goods and certain types of derivatives and derivative products like index futures, weather options, etc. be permitted.
14. Adoption of VAT by all the States should be expedited so as to bring uniformity in tax structures of different States.
15. Transactions in the Commodity Derivative Markets need to be considered at par with the Security Market Derivatives for the purpose of Section 43(5) of Income Tax Act and other tax concessions.
16. A uniform /centralized dispute resolution mechanism is the immediate need in respect of all State APMCs and all States should adopt uniform arbitration process for agri-commodities spot markets.

Some of the above issues can be addressed by appropriate regulatory interventions; however, creation of market awareness, development of human resource base, price dissemination, strengthening of the Forward Markets Commission would require resources from the Central Government. **The total requirement for the XIth Plan has been estimated at Rs.10155 lakhs. Besides about Rs.250 Crore to be evenly spread over the first three years of the XI th Plan would be required to implement the ADB Project during the XI th Five Year Plan.**

92. **To promote organised retailing and spot markets in India, the following is suggested in the XIth Five Year Plan.**
  1. Simplification of taxation laws and adoption of VAT by all the States. Octroi should be abolished as it acts as a barrier to trade and stamp duty rates should be brought down.

2. Review of various archaic laws and regulations such as Sale of Goods Act, Indian Contract Act wherein the provisions have not kept pace with the changes in the economy. The review should address the new developments in the field of retailing like direct selling. A new umbrella legislation to cover retail sector i.e. Retail Sector (Regulation) Act could be considered.
3. In the urban planning, there should be provision for allocation of larger space for commercial activities. The urban planning should provide for regular supply of real estate in a transparent fashion. The rent should be linked to the market value. Allocation of the commercial space should address likely trend in the demographic profile in the catchments area.
4. Retail sector should be granted the Status of Industry. This would facilitate flow of credit from Banking and other formal sectors.
5. Ministry of HRD should develop a suitable curriculum on retailing to upgrade the human resources.
6. Further FDI in retail should be allowed with controlling stakes as otherwise the major foreign players may not be inclined to invest huge funds required and bring in the necessary technology.

## IV. Sub group Report On Quality Infrastructure and Standardisation including Legal Metrology

### 93. BACKGROUND

1. **Globalization – Standardization – International Trade – Consumer Protection** : Such linkages to safeguard consumer interests and support economic development, facilitate trade and improve the quality of life have never been so important as today, when the world moves towards a global economy driven by rapid technological changes. Standards are the strategic business issue of the first order, touching on such vital concerns of the country like quality, safety, environmental compliance and access to global markets. Thus making standards and standardization infrastructure, form a strategic imperative that simply cannot be ignored.
2. The role of standards to facilitate consumer protection and support economic development facilitating trade and improving the quality of life such as encapsulating new technologies in usable tools for the industry, is widely recognized. These benefits have been further reinforced by reference to standards in contracts, legislation, public purchasing and by using them as a basis for certification of both products, services and systems. Thus standards have gained an enviable position as instruments of consumer protection, commercial transactions and building competitiveness in the market place.
3. Recognizing the changing complexion of technologies and the shift of emphasis to quality, and with India trying to integrate its economy with that of global economy, the inevitable consequence is the advent of competition for which we need to principally address:
  - i. how best to respond to the market demand
  - ii. how to keep pace with changes in technology
  - iii. how to adopt to the political and economic changes
  - iv. how to make standards better and faster
  - v. how to meet specific demands for quality, safety and environment protection.
4. Therefore, to provide the desired quality infrastructure, we need to tackle the three pillars of the quality cycle – standards development, standards

information and conformity assessment to achieve our goals for the 21<sup>st</sup> century.

5. A quality infrastructure operates on the basis of a number of components. The institutional form the system takes and the range of services supplied within the individual components must take account both of the consumers needs and also of its resources and limitations. The components are:
  - i. Standardization
    - a. Standards Development
    - b. Standards Information
    - c. Metrology
  - ii. Quality Assurance/Conformity Assessment
    - a. Testing
    - b. Inspection
    - c. Product Certification
    - d. Management Systems Certification  
(ISO 9000/14000/22000/ 27001/OHSMS/etc.)
  - iii. Regulation and Enforcement
  - iv. Accreditation

#### **94. CURRENT SCENARIO**

1. In India, the post independence period demanded special emphasis on standardization and quality in order to assist systematic and efficient growth of industry. The erstwhile Indian Standards Institution was set up in 1947 as the National Standards Body of India, with an exclusive mandate to prepare and propagate standards for the industry in line with our national priorities and thereby facilitate consumer protection. The Bureau of Indian Standards (BIS), its successor, was established in 1986 the same year important consumer related legislations like Consumer Protection Act, 1986, Essential Commodities Act, 1986, the Standards of Weights & Measures Act and Packaged Commodity Laws were enacted to take care of the interest of the consumers. Protection the interest of consumers therefore, became one of the major concerns of Government. Department of Consumer Affairs was created in the Central Government in the year 1997 to act as the nodal Department to exclusively focus on protecting the rights of consumers (including redressal of consumer grievances) as well as to promote standards of goods and services,

standards in weights & measures, regulation of packaged commodities, maintenance of essential commodities, etc. On the request of the Central Government, some State Governments have created separate Departments/Directorates of Consumer Affairs and, wherever it has not been feasible to do this, at least the name of the Departments have been changed to include Consumer Affairs/Consumer Protection for the awareness of the general public. For accreditation at the national level, the QCI was set up in 1998.

2. Presently, voluntary national standards are developed by the Bureau of Indian Standards under the BIS Act, 1986. In a few cases, these standards are referred in national regulations.

There are also nearly 30 regulatory departments of the Government making regulations which prescribe specification/requirements in different sectors.

## **95. INFRASTRUCTURE REQUIREMENTS & PROPOSED ACTION PLAN**

1. As indicated in the Terms of Reference of the Working Group, there is a need to evolve a comprehensive set of policies, programmes and action plan for quality infrastructure in the country so as to plan to launch a strong paradigm for consumer protection, quality upgradation and international trade. The proposals outlined in this paper are based on the following approach:
  - i. To involve all the concerned interests in much larger scale to spread the quality culture across the country.
  - ii. To use standards as an effective tool for technology upgradation, quality improvement and enhancement of trade.
  - iii. To consciously spread awareness about standards, standardization and conformity assessment with the aim of large scale implementation of standards and their acceptance at the national level.
  - iv. To embark upon a new National System for Standardization which would involve standards developing organizations in specialized areas to bring in uniformity in standards making and providing a single national standard for each area for the country.
  - v. To give a major thrust to harmonization of Indian Standards with international standards for bringing in technology up-gradation /transfer and promotion of international trade.

- vi. To provide the industry with a larger conformity assessment network and certification schemes so as to be able to demonstrate compliance to Indian Standards to meet the demands for quality, safety and environment protection.
- vii. To strengthen the regulatory frame work to meet the demand for quality, safety and environment protection.
- viii. To strengthen the legal metrology framework of the country.
- ix. To strengthen enforcement of standards in the country.
- x. To provide for human resource development, training needs and capacity building to achieve the above objectives.

For the purpose, specific areas requiring government intervention and methodology to enhance responsiveness of the various stakeholders has been considered in this proposal, as detailed below and include the following:

- i. Establishment of a National System for Standardization
- ii. Establishment of a National System for Conformity Assessment and Compliance
- iii. Strengthening of Domestic Regulation
- iv. Legal Metrology – Strengthening & Capacity Building
- v. Human Resource Development/Capacity Building

## **96. National System for Standardization**

The broad institutional framework at the National Level is proposed as at Fig. 1 and the framework for the National System for Standardization is at Fig. 2.

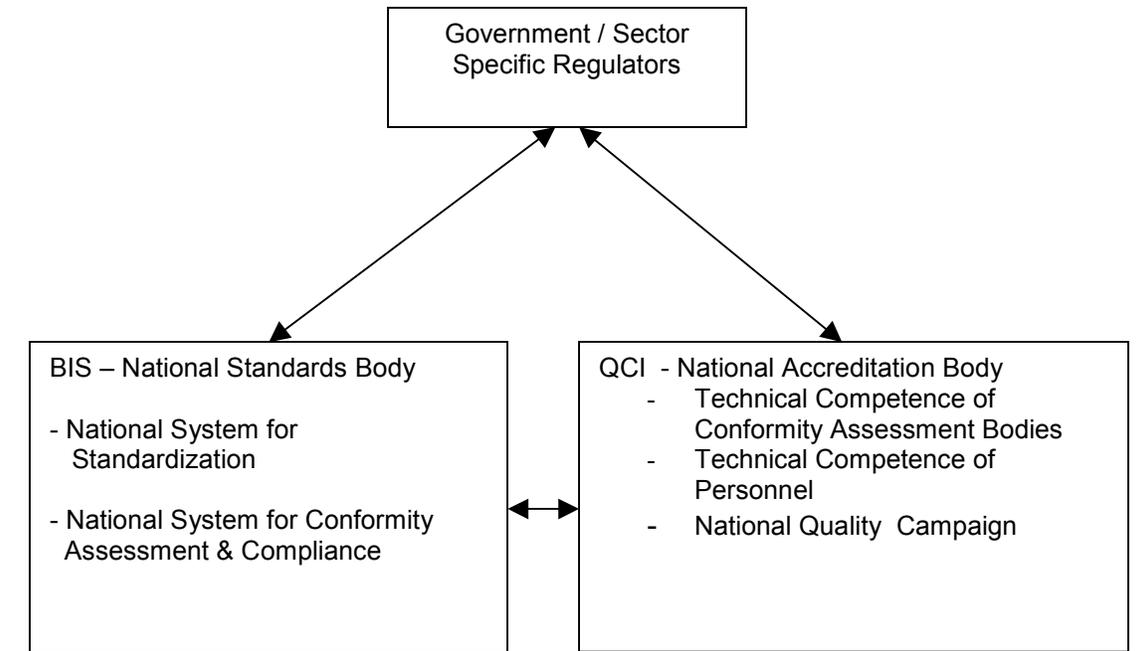
### **1. Current Scenario**

- i. At present in India, voluntary standards are formulated by BIS at the national level and BIS represents India at the international fora, namely, ISO & IEC. However, there are many regulatory and statutory bodies which are formulating technical regulations or specifications at various sectoral levels. Very few Indian Standards have been referred in technical regulations so far. This has resulted in duplication of efforts and multiplicity of standards and specifications. At the same time, the issue of timely revision of standards is crucial for keeping pace with the changes in technology especially in issues where standards and regulations impact safety, health and environment.

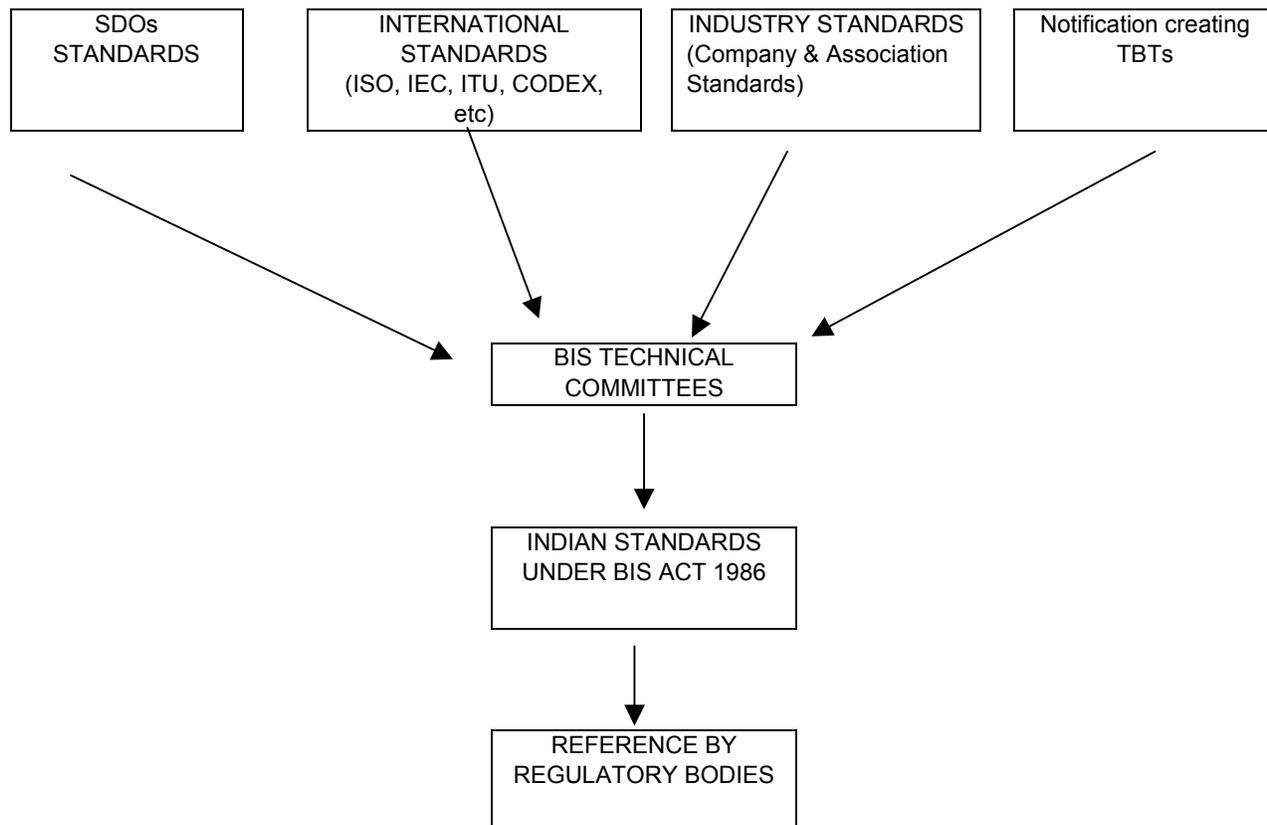
- ii. In view of the number of regulators/statutory bodies existing presently and very few references made to Indian Standards in regulations, it is important to have a uniform approach by referencing Indian Standards in regulations. This would also facilitate easy updation of requirements with time and without the lengthy process of changing national regulations.
- iii. In recent times, with the globalization of markets and opening up of economies across the world, with reforms a continuous process in almost all countries, the role of standardization and conformity assessment has become critically important. Further, in view of removal of tariff and quantitative restrictions, as a sequel to WTO agreement, competitiveness of Indian industry has to be enhanced on a sustainable basis. Considering the same, it is felt that there is an urgent need to notify a national standardization policy and establish a National System for Standardization for the notification of a single/uniform national standard.

## **2. Objectives**

- i. To provide a national framework for the development of unambiguous and reliable market/society driven standards in areas of economic and social activities.
- ii. To emphasize safeguards in the areas affecting health, safety and environment for overall consumer and community benefit.
- iii. To review the standards for their efficacy and relevance to market/societal needs for their continuance or revision/amendment.
- iv. Proposed institutional framework is at Fig. 1 & 2



**Fig. 1 Institutional Framework at National Level**



**Fig 2 National System for Standardization**

### **3. Infrastructural Requirements**

#### **i. National System for Standardization**

The national system for standardization proposed above aims at making India a global leader in standardization by way of harmonious development of standards and getting them recognized as being internationally acceptable for various product and/or services. This would require:

##### **a. Uniform National Standard**

Developing a single national standard for all products, services, test methods, conformity systems, procedures etc under the BIS Act 1986. Product standards could have an inbuilt system of gradation to facilitate user specific selection. It would also be ensure that standards meet regulatory requirements, where such need is established. This would be achieved with closer and pro-active participation of organizations engaged in standardization, and the regulatory bodies.

##### **b. Minimization of Duplication Effort and Resource Utilization**

Stakeholder participation would have to ensured, and where necessary mandated. This is necessary from the view point of compliance to WTO agreements and TBT articles which propagate the usage of International Standards as a basis for national standards, barring cases where national, health, safety, security and environment concern of the States are involved.

It is intended to build in a system that will fundamentally augment stakeholder participation by propagating that standards are national assets.

##### **c. Harmonization of Standards**

A twofold harmonization system will be enforced, firstly different standards on the same subject, within the country,

would be harmonized into a national standard. This is essential to establish interchangeability of products and services, so that the consumer is the beneficiary.

Secondly, in identified areas, national standards would be aligned to the extent possible with internationally recognized standards (ISO/IEC/ITU/UN/Codex). There may also be areas where harmonization would be necessary at a regional level also. This would be necessitated by the growing need to facilitate export of products manufactured nationally and to facilitate inward investment from overseas. Harmonization at the international level is intended to be pursued on the principle that, where applicable, the available international standard will be used as the main constituent of the national document.

#### **d. Participation in International Standardization Activities**

With increasing globalization, international standards are becoming critically important for trade as well as for safety and health of the consumers and environment. Mechanisms would be developed to enhance membership in international standardization bodies and to take strategic positions therein, to safeguard national trade and consumer interest. This will involve the association of all national stakeholders through a transparent and democratic mechanism so that the views expressed by India Member Body lead to its recognition as a leading value adding platform and partner for the production of global and market relevant standards.

Efforts will be made to ensure India Member Body's presence in policy making bodies of ISO/IEC/ITU/Codex/UN and also in special interest groups. This would be intense in for a where needs and requirements of developing countries in the field of standardization, conformity assessment, accreditation, quality and metrology are discussed and developed.

## **ii Upgrading the WTO-TBT Enquiry Point**

The WTO Agreement has made it mandatory that a clear understanding is evolved within the country on issues of trade regulations and restrictive practices and the role played by standards in impacting these, as more and more NTBs are through standards and conformity assessment measures today.

As intensive dialogue with political decision-makers should be initiated to integrate standardization in the political process as a basis for specific actions and decisions. This dialogue should be conducted by the industry and trade associations (e.g. with a round table discussion involving top representatives of national industry) and must stress the vital significance of the autonomy of industry as a fundamental element in any kind of standardization.

A strategic approach should be used to demonstrate the benefits of deregulation over an all-in approach to technical legislation. This implies balancing the deregulatory benefits of standardization against the potential cost to the state. On the basis of progressive legislation, a clear line must be drawn between areas where regulatory measures are necessary and those where standardization can be effective. Regulators should, wherever possible, frame their specifications on an international basis in order to minimize restrictions for products, technologies, processes and services.

The usage of technical regulations as TBTs has increased many times since the advent of the WTO Agreement. A National Enquiry Point for such notifications has been set up within the country. In order to disseminate information relating to notifications that could be potential TBTs, and also to tailor the national standards for safeguarding the country's trade and commerce, it has become necessary that the WTO/TBT Enquiry Point is made web-enabled. Likewise the CE Enquiry Point for protecting and increasing trade with Europe needs to be augmented.

## **4. Proposed Action Plan for Establishment of National System for Standardization**

In keeping with the above aim, the proposed action plan is as given below:

## **I. National System for Standardization**

- i. Development of suitable mechanism involving a recognition system at the national level under the aegis of BIS for organizations engaged in standards formulation and harmonization of systems and procedures for standards development. Proposed plan is at Fig. 1 & 2. Draft National Standards Policy, as proposed to the Govt. is at **Annexure XXIII**.
- ii. To develop a system of disseminating of information with respect to Indian standards to various regulators who shall make reference to these Indian Standards in all regulations wherever possible.
- iii. Amending the BIS Act, 1986 to establish BIS as the National Standards body charged with the mandate to oversee and coordinate all Standards development activities at the national level serving public interest and to provide for notification of all mandatory standards (by relevant regulatory bodies) through the BIS Act only.
- iv. Intensifying a campaign for the promotion of company and (industry) association level standards in various fields relating to consumer health and safety to create quality consciousness particularly among SMEs and unorganized sector.
- v. In the process, categorization and grading of product/service standards may be introduced to facilitate consumer information and protection.
- vi. Identifying a pool of experts and grooming them for participation in national and international standards committees and ensuring continuing Indian participation in all committees of strategic interest to India. The experts should also facilitate the consolidation of scientific data at national level for national/ international standards development.
- vii. Identifying priorities for standardization for products and services especially, and incorporating them in the Trade and EXIM policies based on a comprehensive review of India's strategic interest in international standardization and ensuring participation in international committees in the identified areas. For the purpose,

participation of economists in relevant technical committees to be ensured.

- viii. The setting up of national system by BIS as the national standards body, for recognition of Standards developing Organizations in specialist areas and working out the modalities for adoption of their work as Indian Standards. Examples of SDOs could be Research Organizations, Commodity Boards etc.
- ix. Development of a Standards Data-base under the National System for Standardization in collaboration with Industries Associations/ Federations and Regulatory bodies. For the purpose, identifying relevant bodies and creation of a national Standards information network.
- x. Development of data base of various on going and completed researches in the universities/ institutes of national repute which could be of help in developing national standards and, where need be, sponsor & fund projects of interest.
- xi. Greater involvement of Govt. Departments and concerned stakeholders in standards development process so as to also ensure their easy implementation by the Govt. and subsequently including, in reflection of the same, in regulatory process. Developed countries like USA have legislated involvement in standards formulation through National Technology Transfer & Advancement Act, 1996. This Act states that Govt. Agencies and departments shall participate in the development of technical standards when such participation is in public interests and use standards as a means to carry out policy objectives or activities of govt. depts.
- xii. The participation of consumer organizations and scientific bodies should be enhanced over the period of next 5-year plan in the process of standards development.

## **II Upgradation of WTO-TBT Enquiry Point**

- i. BIS is handling the WTO-TBT Enquiry Point of India. This activity involves handling and dissemination of TBT Notifications from member countries to the stakeholders, creating of an export alert system, answering technical queries and coordinating with Ministry

of Commerce for Notifications issued by India. It also requires coordination by different Regulators on queries for technical regulations. There is also a requirement for setting up a technical information centre to meet the queries of enhanced exporters. This activity is envisaged to be a web-enabled activity for which relevant infrastructure is necessary. There is a need for a software based on high-technology programming and languages which needs to be maintained and online registration of stakeholders, continuous updation and provision of information.

- ii. An amount of Rs.50 lacs is proposed to undertake following activities to fully operationally the enquiry point:
  - a. Software development to make the “enquiry point” web enabled and out reaching to maximum number of stakeholders.
  - b. Developing of infrastructure comprising of computers (with high capacity servers) with dedicated ISDN connection supported by other accessories required such as web server based components, XML Parser, SQL server etc.

## **5. Financial Proposal**

- i. Under the National System for Standardization envisaged, the beneficiary organizations would be all Standards Development Organizations (SDOs) under the National System for Standardization & BIS with the fund to be maintained by the Department of Consumer Affairs and the financial requirements as given below covering the main features of the proposed action plan (Details in Table 1):
  - a. Development of SDOs/R&D organizations, etc – 1 crore each year
  - b. Development of a National Standards Data Base – 2 crores
  - c. Intensifying participation in international standardization [5 (approx) persons for each meeting representing all stakeholders i.e. Govt., BIS, SME, Consumer, Lab, scientific/academic, industry, etc] – 5 crores for the 1<sup>st</sup> year; 10 crores for the 2<sup>nd</sup> year; 15 crores for the 3<sup>rd</sup> year; 20 crores for the 4<sup>th</sup> year; and 25 crores for the 5<sup>th</sup> year
  - d. Intensifying participation in standardization at National Level – 1 crore per year
  - e. Upgrading the WTO-TBT Enquiry Point – 0.5 crore

**97. Strengthening of Domestic Regulations for Health, Safety, Environment and International Trade – through enhanced coverage of products and services under mandatory certification**

**1. Current Scenario**

- i. Presently, regulations have been enacted by Departments/Ministries of the Central and State Governments and there is a need for a unified regulatory system at the national level.
- ii. The current system does not provide a single window approach and, therefore, hinders trade. Moreover, the existing regulations have been passed from time to time and there is a need to review the same in keeping with the health, safety and environment requirements of the consumer in the larger interest of the country.

**2. Objectives**

Amending the BIS Act, 1986 to establish BIS as the National Standards body charged with the mandate to oversee and coordinate all Standards development activities in the country serving public interest and to provide for notification of all mandatory standards (by relevant regulatory bodies) through a single Act only, except in specific cases like food, drugs, etc.

**3. Infrastructure Requirements**

In keeping with the above proposal for strengthening domestic regulations and unifying them in the interest of international trade other and also reviewing the items covered under the same in the interest of the consumer for reasons of health, safety and environment, it would be necessary to bring in the appropriate changes in the regulatory system. These regulatory bodies instead of specifying their own regulations should refer to national standards only, wherever applicable.

#### **4. Proposed Action Plan**

- i. Development of a unified regulatory system at the national level through a single Act except in specific areas like food, drugs, etc.
- ii. Reviewing of items identified for purposes of health, safety and environment in order to ensure consumer protection. A proposed list of items for mandatory certification as given to the Govt. and another list of items for future implementation is at **Annexure XXIV**. Additional items recommended for mandatory certification along with a road map for implementation is given at **Annexure-XXV**.

#### **5. Financial Proposal**

Finance outlay is given at Table 1 with details.

### **98. National System for Conformity Assessment and Compliance (PI see Fig. 1 & 3)**

#### **1. Current Scenario**

- i. In India, the product certification activity has largely centered around the Bureau of Indian Standards and a few more domestic agencies. The ISI Mark scheme of the Bureau of Indian Standards is in existence since 1955 is currently pegged at about 20000 Certification Licences granted to about 14000 units (including jewelers) covering 1200 products. There is no other serious player in product certification, though UL, CSA have opened operations in India and are certifying to their own standards. Other domestic agencies operating in very narrow sectors and small client bases include STQC (Electrical safety), Directorate of Marketing (Agmark) (Un-processed foods), Commodity boards (APEDA, Silk Board), etc. For Exports, the Export Inspection Council alongwith 4 Export Inspection agencies operate an Export certification scheme mostly for regulated markets. The CE mark appears on mostly imported electronic products, but mostly certified by external certification bodies in the country of origin. There is no sustained effort to popularize any certification scheme among the masses, except the BIS product certification scheme, that too through a recent campaign launched by Ministry of Consumer Affairs. Most of the certification is based on

Type 5 Scheme (ISO classification) with regular intervention of the certification body for reassessment of quality. Accreditation to ISO Guide 65, the global criteria for product certification, has only recently been launched in India, which is increasingly becoming the means for international acceptance of the national certifications in international markets. As of now acceptance of certification by Indian bodies is largely limited to markets of some neighboring countries only.

- ii. The global market which is divided into regulated and retail sectors (excluding proprietary products) is largely driven by certification, although a substantial proportion of certification emanates in simplified versions such as self declaration (CE marking), type / supplier approvals (IECQ, retail chains), test certificate based (IECEE CB Certification). There is therefore need to promote the alternate certification schemes in India, albeit with some degree of control to prevent dilution of their purpose.
- iii. In most developed countries however, safety standards e.g in electrical, food, sectors are addressed through mandatory compliance rather than certification. In India, mandatory BIS certification has been introduced for 109 products, but there is no requirement for mandatory compliance of safety standards (e.g electrical safety, EMC compatibility). The latter is often viewed with incredulity by exporters from other countries, where such standards are mandatory. A major reason for lack of control is division of responsibility of subjects among various ministries. Thus sporadic regulations for mandatory compliance have surfaced from time to time under various Acts, each with a different approach. In several cases, the implementation has been left in the hands of the State Governments, without dialogue and effective arrangement as to how they should organize their resources and efforts. The level of actual compliance therefore is abysmal. This issue is further compounded by the fact that the subject of Establishment of Standards is only on the Union list. Therefore their regulation by State Governments is precluded and only the instruments available in the hands of Central Government can be deployed.
- iv. Other forms of conformity assessment like management systems (ISO 9000/22000/14000/27001/OHSMS/etc) certifications and inspection & testing are also being carried out by both regulatory & statutory bodies as well as by private players.

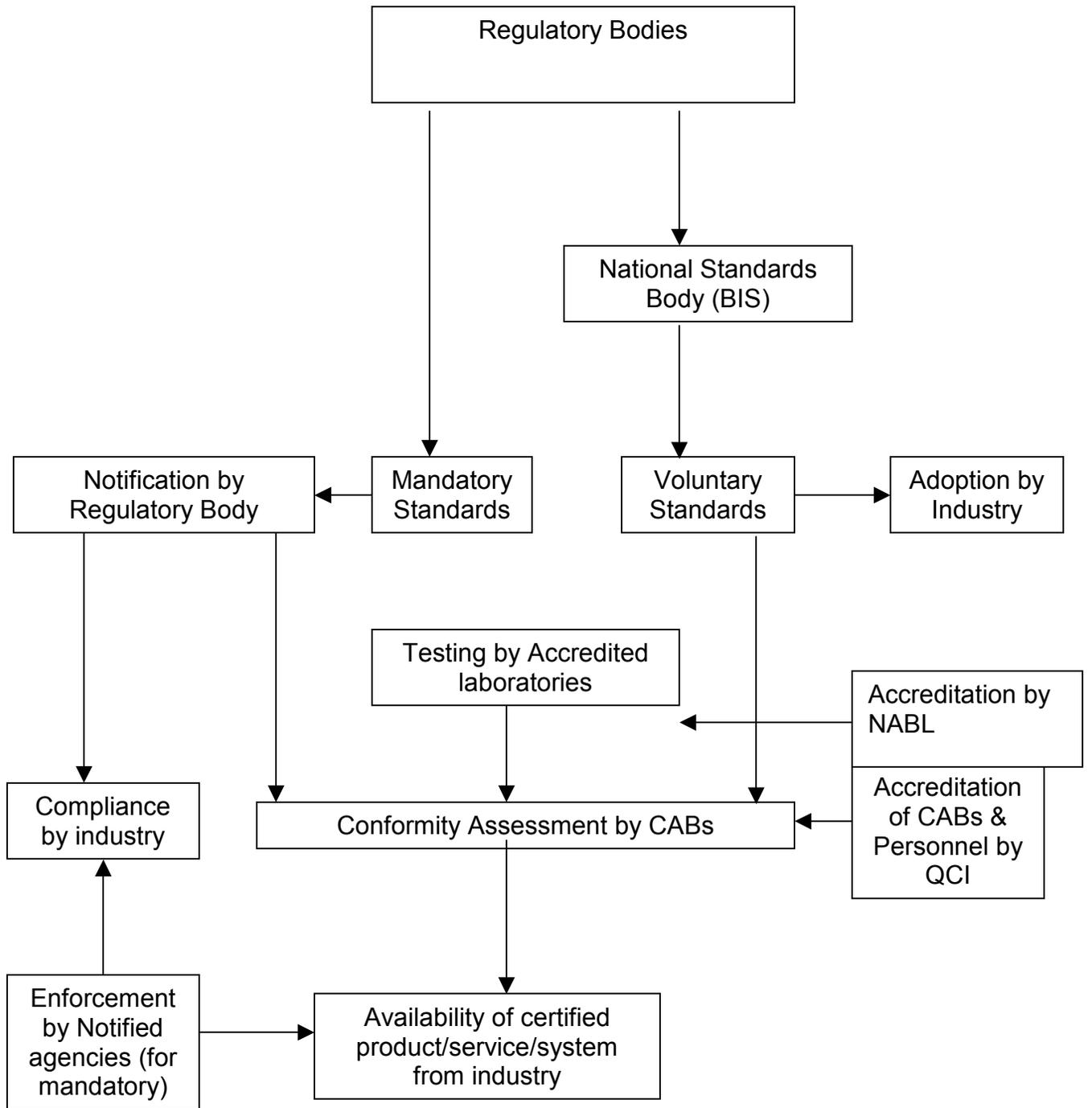
- v. In the coming years, the growing quality consciousness among consuming public as well as organized sector, is expected to throw up unprecedented demand for certification. This gap needs to be filled up through a concerted national effort of building a larger certification base without compromising its credibility.
- vi. There is no check or system for conformity assessment bodies operating in the country which includes certification bodies, laboratories and inspection bodies. Anybody is free to set up conformity assessment bodies and many foreign bodies also freely operate bringing in some unethical practices, violation of international norms, wrong claims with questionable credibility etc and there is no check or enforcement as the existing regulations are weak. There is also lack of co-ordination/synergy within Government Departments. Therefore, there is a need for a single national accreditation agency i.e. QCI, to mandatorily accredit all certifiers in the country.
- vii. Reciprocal recognition agreements are also not synchronized at the national level for facilitation of trade.
- viii. Moreover, there is lack of strategy to deal with voluntary initiatives and very inadequate response from the Indian industry is major gaps.
- ix. The current system of certification against an Indian standard only ensures that a minimum level of quality is achieved. In the current scenario of globalization the customers demand has increased that they ask for higher standard for their product. There should a system of grading in the standard marking of a product, which should also cover a premium quality product.

## **2. Objectives**

- i. Establishment of a national system for conformity assessment and compliance as envisaged in Fig. 3.
- ii. Setting up of standard regulatory authority vested with the power to enforce mandatory compliance of standards in any product or service under mandatory certification and to regulate all certification schemes. These may be aided by other supportive measures like:

- a. Product recall system which require a manufacturer to request to return a batch through legislation, or an entire production run of a product due to discovery of the safety issue.
  - b. More effective redressal system through a “Better Business Bureau” which can operate on “Private Public Partnership” and located in industries associations on the basis of which work between the businesses and consumers as a mutually trusted intermediary to resolve disputes, to facilitate communication and to provide information on ethical business practices.
  - c. Facilitation of better enforcement by setting up bodies like “Consumer Product Safety Commission” which may work to protect the public against unreasonable risks or injuries associated with consumer products. It will also provide information to the consumers on what safety features to look for in products. It will also coordinate with the manufacturers to disseminate information with respect to product recall that may pose potential risk for serious injury or death It would be committed to protecting consumers and families pose a fire, electrical, chemical or mechanical hazard. This could be organized through PPP with consumer organizations having laboratories preferably. This Commission could be empowered under Consumer Protection Act to protect the public against unreasonable risks of injuries as stated above.
  - d. Presently the infrastructure available with the states if seen district wise is either minimal or nil. Therefore atleast one person per district could be taken as the minimum requirement which could strengthen the current infrastructure in the states.
- iii. Opening up BIS Standards for certification by different certification agencies under a structured system.
  - iv. Mandating accreditation of all certification schemes by QCI so as to achieve international acceptance of Indian products and services through their certification.
  - v. Upgrading third party laboratory testing facility to international level.
  - vi. Considering an establishment of product liability laws.

**NATIONAL SYSTEM FOR CONFORMITY ASSESSMENT AND COMPLIANCE**



**Fig 3.**

### **3 Infrastructure Requirements for the Establishment of a National System for Conformity Assessment & Compliance**

In keeping with the above objectives, the infrastructure requirements are:

- i. Establishment of a National System for Conformity Assessment
- ii. Strategy and action plan for voluntary initiatives and promotion of certification
- iii. Capacity building of SMEs and unorganized sector schemes
- iv. Laboratory up-gradation to facilitate all labs used by CABs to be NABL accredited
- v. Strengthening enforcement in States and through other supportive measures like:  
(PI also see Item 2.4.2)
  - a. Product recall system for mandatory certified items/ product withdrawal system for others.
  - b. More effective redressal system through establishment of a “Better Business Bureau”.
  - c. Facilitation of better enforcement by setting up “Consumer Product Safety Commission”.
  - d. Appointment of special verification agencies to strengthen the infrastructure in the States.
- vi. Widening the coverage of market share of certified products.

### **4. Proposed Action Plan**

#### **a) Establishment of a National System for Conformity Assessment and Compliance**

In view of the above objectives, the proposed action plan is as follows:

- i. Establishment of a national conformity assessment and compliance system (Fig. 3) so as to bring in complete synergy at the national level and also the required discipline and ethics so as to prevent the weaknesses as given in the previous column. For the purpose, there would be a need to bring in the required regulation under the BIS Act and QCI in order to facilitate the regulation of conformity assessment bodies and the accreditation bodies i.e. QCI. There would also be a need to notify an Appellant Authority for appeals related to accreditation as well as for regulating the systems and practices followed by QCI and the conformity assessment bodies accredited by QCI. (Pl. see Fig. 1 & 3)
- ii. Strategy to deal with voluntary initiatives of the industry by making available multiple certification schemes covering wide spectrum of products and services demonstrating conformity to national standards.
- iii. Promotion of conformity assessment schemes with the industry to widen the coverage of market share of certified products in the consumer interest.
- iv) Provision for flow of investment in the area of testing and inspection to support  
conformity assessment body's growth
- iv. Capacity building in the industry especially SME and unorganized sector.
- v. Capacity building through training and development of certification bodies to acquire accreditation.
- vi. Subsidy for laboratory up-gradation for products related to conformity assessment for labs used by CABs.
- vii. Campaign for promotion of certified products.
- viii. Making accreditation of all conformity assessment bodies operating in India mandatory by QCI.
- ix. Amending the BIS Act, 1986 to establish BIS as the National Standards body charged with the mandate to oversee and

coordinate all Standards development activities serving public interest and to provide for notification of all mandatory standards (by relevant regulatory bodies) through a single Act/BIS Act only.

**b) Establishment of an Independent Enforcement Authority**

In view of the inadequate infrastructure at the state level, establishment of an independent enforcement authority would ensure complete co-ordination of enforcement of all regulations at national level and would also co-ordinate with other supportive organizations having a complimentary role in the system as recommended below (PI see Item 2.4.2 & 2.4.2 also):

- a. Product recall system.
- b. More effective redressal system through “Better Business Bureau”.
- c. Facilitation of better enforcement by “Consumer Product Safety Commission”.
- d. Capacity building and strengthening the current infrastructure in the states.
- e. Appointment of Special Verification Agencies appointed by the Enforcement Authority.

**5 Financial Proposal**

All CABs, SMEs, unorganized sector, and other concerned bodies would need financial resources to implement the action plan and the main features would include (PI see Table 1 for details):

- i. Promotion of Conformity Assessment/Certified Products
- ii. Development of SMEs and unorganized sector
- iii. Subsidy for laboratory accreditation
- iv. Establishment of an independent Enforcement Authority, which may be aided by:
  - a. Establishment of Better Business Bureau
  - b. Establishment of Consumer Product Safety Commission
  - c. Strengthening Infrastructure in States

## 99. Legal Metrology – Strengthening & Capacity Building

### 1. Current Scenario

- i. In the Constitution of India , establishment of standards of weights and measures falls under entry 50 in List 1 – Union List of the Seventh Schedule and matters relating to weights and measures, except establishment of standards are in the Concurrent List, under entry 33-A.
- ii. The Standards of Weights and Measures Act, 1976 (60 of 1976) [hereinafter called the Standards Act, 1976] was enacted by Parliament **to establish standards of weights and measures**. The Standards of Weights and Measures (Enforcement) Act, 1985 (54 of 1985) [hereinafter called the Enforcement Act, 1985] was enacted by Parliament **to enforce the provisions of 1976 Act**.
- iii. Thus the standard in respect of weighing or measuring instrument is laid down by the Central Government. Though the subject of enforcement is in the concurrent list, enforcement of Legal Metrology for all practical purposes is done by the States only.
- iv. The weights and Measures laws envisage regulation of weighing and measuring instruments, as given below;
  - a. Model approval by Central Govt., of all weighing and measuring instrument before they are manufactured.
  - b. Licensing by State authorities, for manufacture, dealing, repairing of weighing and measuring instruments.
  - c. Inspection by enforcement authorities.
  - d. Periodical verification and stamping of all weighing and measuring instruments.
  - e. Pre packed Commodities sold by weight /measure/number.
  - f. Action against offenders of laws
- v. Any inaccuracy and weightment or measurement will result in illegitimate transfer of wealth and at the macro level, may amount to ten of thousand of crores of rupees.
- vi. The existing infrastructure at the State level is not adequate to verify all the weights or measures specified under the Rules. In order to protect the interest of consumers, a proposal was mooted in the

Weights & Measures Amendment Bill 2005 to provide for Special Verification Agency [SVAs] who can take up verification of sophisticated weighing or measuring instruments like electric meter, blood pressure meter etc., The provision for SVAs is a sort of PPP arrangement and is aimed at making use of the existing facility available in the country without need to create afresh a fresh infrastructure by the State.

## **2. Objectives**

- i. To develop a scheme for strengthening legal metrology wings of States and Union Territories for providing:
  - a. Working standards
  - b. Secondary standards
  - c. Mobile Kits for testing
- ii. To provide for special verification agency
- iii. To set up new testing facilities
- iv. To provide for building to house the equipment properly for each State.

## **3. Infrastructure Requirements**

- i. Capacity building
- ii. Working Standards
- iii. Secondary Standards
- iv. Mobile Kits
- v. New testing facilities
- vi. Strengthening enforcement
- vii. Establishment of special verification agency
- viii. Building for housing equipment
- ix. System for verification and calibration of equipments
- x. Upgradation systems
- xi. Notifying Regional Referral Labs

## **4. Proposed Action Plan**

- i. A scheme for strengthening Legal Metrology wing of States & UTs., has been formulated at a cost of Rs 24.72 crore by the Department of Consumer Affairs to strengthen State

Enforcement machinery by providing standards equipment as given below:-

- a. Working Standards balance –270 sets (each set consisting 4 balances).
- b. Secondary Standards balance –59 sets (each set has 2 balances).
- c. Mobile kit for testing weigh bridges – 34 no (each consists of mobile van of carrying capacity 20 tonne fitted with crane, total 12 tonne weights in denomination of 1 tonne each).
  - During 2005-07 an amount of Rs.11.23 crores is being spent for the scheme. The remaining amount will be spending for 2007-08.
  - To provide for Special Verification Agency [SVAs] who can take up verification of sophisticated weighing or measuring instruments like electric meter, blood pressure meter etc.
  - To set up new testing facility etc., to finalize the requirement of RRSLs.
  - To make IILM, Ranchi a centre of excellence.
  - A rough estimate for the above task , pending the report of Group/agency stated above is estimated to be around Rs.18 crores, excluding the IIM study.
- d. Estimate for establishment of referral labs is Rs 18 Crores
- e. To cater to the needs of such a big geographical area, the enforcement officials need the following infrastructure:
  - 2230 No [2500-270] Working standard balances – Rs 67 crore (approx)
  - 42 sets of S.Std balances – Rs 3 crore
  - Mobile kit for Weigh Bridge 340 no – Rs 119 crore
  - Total Rs 199 crore

This infrastructure is required only in respect of mass measurement. The State Weights and Measures enforcement authorities are regulating following weighing and measuring instruments.

- f. To have infrastructure for verifying other equipments, State may require another minimum another Rs 200 crore.
- g. Thus totally states may require about Rs 400 crore for augmenting equipments to provide better enforcement. This is only for equipments. Buildings to house the equipments properly may cost separately.

Note : Ways have to be found out that the entire amount is not borne by States only. For example the mobile kit used for testing Weigh Bridges can be funded by private agencies and whenever the same is provided by them at the time of verification of W.Bridges at the users place by the enforcement authorities, necessary services charges can be levied by them. Thus they can get returns on the amount invested by them.

Similarly there is a system in vogue in other countries that manufacturers of weighing instruments self certify their production. Suitable ways have to be found for PPP in these areas.

For any violation found under the Weight & Measure Act, there may be many other consumers who would have suffered loss or injury on account of violation. Therefore, there may be provision of class action suits in the said Act.

## **5. Financial Requirements**

In view of the above objectives and details given above, the financial proposals are:

- Rs. 200 crores for enforcement infrastructure
- Rs. 200 crores for equipment infrastructure
- Rs. 90 crores for building for each State (Rs. 3 crores per building per State)
- Rs 18 crores for establishment of referral labs.

## **100. Human Resource Development/Capacity Building**

### **1. Current Scenario**

At the national level promotion of quality or quality infrastructure development or education in this area or development of a strong resource base in the country for spreading quality culture has not been undertaken. However, there has been a fragmented approach by some institutions taking on some programme in a very small manner and not in an organized and focused manner so as to establish a strong infrastructure for quality culture in the country and also a strong quality campaign for the promotion of quality.

### **2. Objectives**

- i. Promotion of a “National Quality Campaign”
- ii. Capacity building of SMEs and unorganized sector
- iii. Training of trainers in all fields and amongst all stakeholders
- iv. Personnel certification programmes and their accreditation
- v. Promotion of quality management in professional courses at graduate and post - graduate levels
- vi. Also in polytechnics & ITIs plus various PG Management Programmes

### **3. Infrastructure Requirements**

In keeping with the above objectives, the infrastructural requirements would be:

- i. Organized National Quality Campaign Programmes through specialized training institutes and trade promotion bodies, standards and certification bodies, industry associations etc. identified for the purpose be augmented by QCI as this is already entrusted to QCI.
- ii. Capacity building for comparative testing
- iii. Training of trainers in all fields and amongst all stakeholders
- iv. Personnel certification programmes
- v. Empowerment and capacity building of industry including SMEs and unorganized sectors

- vi. Inclusion of quality management as a subject in professional courses and also in polytechnics & ITIs plus various PG Management Programmes
- vii. As is due in most of the engineering courses where quality aspect is taught as an integral part of the curriculum, the courses of medical, management, post graduation in sciences etc. may also be made aware of quality management aspect for which UGC, AICTE may be approached for modification in curriculum.

#### **4. Proposed Action Plan**

- i. Inclusion of Quality Management in all professional courses at graduation and post graduation level through modules developed by BIS and introduced through UGC/AICTE approval. This may also include polytechnics and ITIs plus various PG Management Programmes
- ii. Personnel certification programmes – (through international standards) by QCI.
- iii. Empowerment & capacity building of industry including special needs of SMEs and unorganized sector.
- iv. Strategies and programmes for promotion of standards and quality management in industry sector-wise through a “National Quality Campaign”, already being undertaken by QCI.
- v. Capacity Building for Comparative Testing by VCOs to give feedback to Conformity Assessment Bodies.
- vi. Strengthening of Lab infrastructure in the country through PPP.  
A proposal for strengthening the National Test House in order to upgrade facilities required envisages Rs.98.84 crores (PI see Annex IV).
- vii. Training of Trainers in all sectors/fields, which would include inspectors, consumers, labs, standards writers etc.

## 5. Financial Requirements

In view of the action plan, the financial requirements covering the main features of the plan are (details in Table 3):

- i. Introduction of Quality Management in Educational Institutions/Professional Courses and polytechnics and ITIs plus various PG Management Programmes
- ii. Personnel certification
- iii. Empowerment of SMEs and unorganized sector
- iv. National Quality Campaign (enhancement of the existing programme by QCI)

### 101. CONSOLIDATED FINANCIAL OUTLAY

Based on the proposed action plan as given under Clause 2 of the paper, the financial outlay has been broadly given in Table 1.

**TABLE 1**

Sl. No.	Item	Beneficiary Agency/ Organization	Min./ Deptt. to Maintain the Fund	Annual Outlay Rs. (Crores)	Total Outlay Rs. Crores	Remarks
1.	<b>National System for Standardization</b>	All Standards Development Organizations (SDOs) under the National System for Standardization & BIS	Deptt. of CA			
	(a) Development of SDOs/R&D prioritization, etc.			1.00	Through PPP and 5.00	Estimate for other SDOs based on present BIS budget of 50 lacs per annum
	(b) Development of a National Standards				2.00	This is a one time estimated expenditure

	Data Base (c) Intensifying participation in international standardization (5 persons for each meeting representing all stakeholders i.e. Govt., BIS, SME, Consumer, Lab)			Year 1 5.00 Year 2 10.00 Year 3 15.00 Year 4 20.00 Year 5 25.00	75.00	Year 1 50 delegations Year 2 100 delegations Year 3 150 delegations Year 4 200 delegations Year 5 250 delegations @Rs 10 lacs per delegation (In addition to the above requirement proposed through plan funds, BIS would allot an additional budget of 20% each year)
	(d) Intensifying participation on National Level by consumer organization/scientific/academic/economist/Govt. representative			1.00	5.00	Estimate for 500 persons per year @ Rs. 20,000 per person
2	<b>Strengthening Domestic Regulations for Health, Safety,</b>	All regulators & BIS	Concerned Ministries of GOI			

	<b>Environment and International Trade</b> Development of a National Regulatory System Data Base		-do-		1.00	This is one time estimated expenditure	
3.	<b>National System for conformity Assessment &amp; Compliance</b>  a) Promotion of Conformity Assessment/Certified Products b) Development of SMEs & unorganized sector c) Subsidy for laboratory upgradation d) (Upgradation for NTH)  e) Enhancement of enforcement activity which may be aided by:	All conformity Assessment Bodies (CABs) accredited by QCI/SMEs/ unorganized sector, VCOs and related institutions	Deptt. of CA & Min. of Industry		1.00  10.00  10.00  98.84	5.00  50.00  50.00  98.84  98.84  98.84	Estimates only  @ Rs 1 lac per unit for 1000 units/annum  @ Rs 14-50 lacs per lab depending on the size  Continuing schemes - 64.88 New schemes – 33.96

	<p>i) Establishment of Better Business Bureau</p> <p>ii) Establishment of Consumer Product Safety Commission</p>			<p>PPP with Industries Association</p> <p>PPP with Industries Association</p>		
	iii) Strengthening Infrastructure in States for enforcement			15.00 each year	75.00	@ Rs 3 lacs per district for 500 districts
4.	<b>Legal Metrology</b>	Deptt. of Weights & Measures & related departments	-do-	<p>200.00 for enforcement infrastructure</p> <p>200.00 for equipment infrastructure</p> <p>90.00 for building for each State (3.00 per building per State)</p>	508.00	<p>200.00 for enforcement infrastructure</p> <p>200.00 for equipment infrastructure</p> <p>90.00 for building for each State (3.00 per building per State)</p> <p>18.00 for referral labs</p>
5.	<b>HRD/Capacity Building</b> (a) Introduction of Quality Management in Educational Institutions/	Concerned Institutions		5.00	25.00	Based on BIS budget and estimated to be national level activity

	Professional through development of curricular and introduction through UGC etc.					Rs 5.00 per annum has been proposed
(b) Personnel certification through QCI	QCI	QCI	90 lakhs/1 crore per year	5.00	Cost involved (approx)	<p><b>Stage A =</b> Rs.5 lakhs per year [Design of the scheme involving: - Discussions with stakeholders (in all regions) -Engagement of Experts (&amp; organizations if necessary)]</p> <p><b>Stage B =</b> Rs.3-5 lakhs per year [Preparation &amp; Promotion of the Scheme -Design, development and printing of information brochure and application package -Web</p>

						<p>designing for the registration scheme</p> <p>-Promotion through advertisements in national newspapers &amp; journals of concerned industry associations/ professional bodies</p> <p>-Promotion Seminars in all regions to propagate the usefulness of the scheme]</p> <p><b>Stage C =</b> Rs.4-5 lakhs per year</p> <p>[Training of Evaluators/Assessors &amp; NRBPT Staff for operating the Scheme]</p> <p>Administrative Costs (approx. 30% of project cost) = Rs 2-3 lakhs</p> <p>Total = Rs15 to 20 lakhs</p> <p>Annual Figures Annual</p>
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					development of new Personnel Registration Schemes = 6 to 7 schemes
	(c) Empowerment of SMEs and unorganized sector			Through PPP	Annual Requirement of Funds = Rs 90 to 1000 lakhs (approx)
	(d) National Quality Campaign through QCI			25.00	125.00
					Estimates given by QCI

**GRAND TOTAL: Rs 1030.34 crores  
(One thousand thirty crore thirty four lakh only)**