

CHAPTER V : MINISTRY OF FOOD AND CONSUMER AFFAIRS

Department of Consumer Affairs

Bureau of Indian Standards

5.1 Loss due to under-realisation of licence fee

Delay in implementation by Bureau of Indian Standards of the revised rates of licence fee as notified in the official gazette in September 1994 led to loss of revenue of Rs 2.49 crore.

The Bureau of Indian Standards (BIS) is under the administrative control of the Ministry of Food and Consumer Affairs. The functions of BIS include establishment, publication and promotion of Indian Standards and inspection of articles or process under certification scheme governed by the Bureau of Indian Standards Act 1986. The activities of BIS can broadly be grouped under the heads: standards formulation, certification and quality assurance and laboratory testing etc. Under the Certification Scheme, BIS has the power to grant licences to producers to use the standard mark on their product which conforms to the requirements of the corresponding Indian Standard. The licence is granted for a period of two years and renewed on request if the performance is found satisfactory. For this purpose BIS charges licence fee as per the rates fixed from time to time.

Scrutiny of the records of BIS during December 1998 revealed that BIS in its executive meeting held on 12 July 1994 approved the revision of application fee and annual licence fee from Rs 500 to Rs 1000 and the renewal application fee from Rs 300 to Rs 500. As per the decision taken in the meeting the revised rates were to be effective from the date of their publication in the official gazette which was issued in September 1994.

The revised rates were, however, actually implemented by BIS in September 1997 i.e after a lapse of about three years from the date of their publication in the official gazette.

Thus the delay in the implementation of the revised rates as notified in the official gazette resulted in under-realisation of licence fee leading to loss of revenue of Rs 2.49 crore to BIS during September 1994 to September 1997.

BIS failed to implement the revised rates till September 1997

**Ministry accepted
audit observation**

While accepting the facts, the Ministry stated in June 1999 that the Chief Vigilance Officer of BIS was asked to enquire into the circumstances in which the revised rates of fees were kept in abeyance for three years and to fix responsibility.

BIS in their reply to an audit query clarified in October 1999 that action for recovery had been initiated.