

PUBLIC ACCOUNTS COMMITTEE
(1978-79)

(SIXTH LOK SABHA)

NINETY-FOURTH REPORT

DELHI MILK SCHEME
MINISTRY OF AGRICULTURE AND IRRIGATION
(DEPARTMENT OF AGRICULTURE)

**[Action taken by Government on the recommendations
of the Public Accounts Committee contained in
their 46th Report (Sixth Lok Sabha) on
Delhi Milk Scheme]**



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NEW DELHI

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<u>Page No</u>	<u>Para No.</u>	<u>Line</u>	<u>For</u>	<u>Read</u>
12	1.19	2	spoilage	spillage
12	1.21	6	substitu- tion	substitu- tion
16	1.31	7	decate	decade
25		3	S.No. 44 (Para 4.40)	S.No. 37 (Para 4.22)
82		6	Agriculture & Irrigation (Department of Agriculture)	Agriculture and Irriga- tion (Depart- ment of <u>Agriculture</u> Finance (Department of Expendi- ture)
82		10 (Col.4)	"Action	"The Action
82		12 (Col.4)	Commercial	Commercial Audit
82-83		17 (Col. 4)	The Committee take a serious view..... strict adherence in future	In this connec- tion, the Committee would like to draw the attention of the Minis- try to their observations made in para- graph 1.11 of their 5th Report (4th Lok Sabha) wherein it was stated that 'it should be rea- sonably possi- ble for Govern- ment to draft the replies on these reco- mmendations/ observations within four months of their receipt and that these should

<u>Page</u>	<u>Para</u>	<u>Line</u>	<u>For</u>	<u>Read</u>
				be got vetted by Audit in the next two months so that final replies, duly vetted by Audit, could be sent to the Committee not later than six months of the date of presentation of the Report'. The Committee take a serious view of the failure of the Ministry of Agriculture to revise the Action Taken Notes and would like to know the reasons why the points raised by the Audit were not replied and vetted copies of the Action Taken Notes not furnished to the Committee till now. The Department of Expenditure (Ministry of Finance) should issue necessary instructions to all Departments.
83	5		Do	Agriculture & Irrigation (Department of Agriculture)
87	16		Do	<u>Do</u> Finance (Department of Agriculture)
88	11		in absence	in the absence

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PUBLIC ACCOUNTS COMMITTEE (1978-79)

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INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this Ninety-Fourth Report on action taken by Government on the recommendations of the Public Accounts Committee contained in their Forty-Sixth Report (Sixth Lok Sabha) on Delhi Milk Scheme commented upon in paragraph 48 of the Report of the Comptroller and Auditor General of India for the year 1974-75, Union Government (Civil) relating to the Ministry of Agriculture and Irrigation (Department of Agriculture).

2. On 31st May, 1978 an 'Action Taken Sub-Committee' consisting of the following Members was appointed to scrutinise the replies received from Government in pursuance of the recommendations made by the Committee in their earlier Reports:

1. Shri P. V. Narasimha Rao—*Chairman*.
 2. Shri Asoke Krishna Dutt—*Convener*
 3. Shri Vasant Sathe
 4. Shri M. Satyanarayan Rao
 5. Shri Gauri Shankar Rai
 6. Shri Kanwar Lal Gupta
- } *Members.*

3. The Action Taken Sub-Committee of the Public Accounts Committee (1978-79) considered and adopted the Report at their sitting held on 18 October, 1978. The Report was finally adopted by the Public Accounts Committee (1978-79) on 27 November, 1978.

4. For facility of reference the conclusions and recommendations of the Committee have been printed in thick type in the body of the Report. For the sake of convenience, the conclusions and recommendations of the Committee have also been reproduced in a consolidated form in the Appendix to the Report.

5. The Committee place on record their appreciation of the assistance rendered to them in this matter by the Comptroller and Auditor General of India.

NEW DELHI;
November 27, 1978

Agrahayana 6, 1900 (S)

P. V. NARASIMHA RAO,
Chairman,
Public Accounts Committee.

CHAPTER I

REPORT

1.1. This Report of the Committee deals with the action taken by Government on the Committee's recommendations/observations contained in their Forty-Sixth Report (Sixth Lok Sabha) on Delhi Milk Scheme, commented upon in paragraph 48 of the Report of the Comptroller and Auditor General of India for the year 1974-75, Union Government (Civil) relating to the Ministry of Agriculture and Irrigation (Department of Agriculture).

1.2. The Committee's Forty-Sixth Report was presented to the Lok Sabha on 13 December, 1977 and contained 103 recommendations. Action Taken Notes in respect of 97 recommendations/observations have been received from Government and these have been broadly categorised as follows:

(i) *Recommendations/observations that have been accepted by Government:*

S. Nos. 1—6, 17, 27—29, 34—37, 39—44, 46, 47, 51, 53—57, 59—66, 71, 73—76, 79—82, 84—87, 92-93, 100 and 101.

(ii) *Recommendations/observations which the Committee do not desire to pursue in the light of the replies received from Government:*

S. Nos. 7—11, 18—24, 26, 38, 45, 49, 58, 68 and 72.

(iii) *Recommendations/observations replies to which have not been accepted by the Committee and which require reiteration:*

S. Nos. 12—16, 25, 30—32, 48, 50, 67, 69, 70, 89, 90 and 91.

(iv) *Recommendations/observations in respect of which Government have furnished interim replies:*

S. Nos. 33, 94—96, 98-99, 102 and 103.

1.3. The Committee are unhappy to note that Government have not furnished Action Taken Notes in respect of 6 recommendations so far. The Committee deplore the inordinate delay on the part of Government in taking conclusive action on their recommendations and apprising them of the final action taken by the Ministry. The Committee desire the Ministry of Agriculture and Irrigation (Department of Agriculture) to furnish expeditiously final replies, duly vetted by Audit, to 6 outstanding recommendations and those recommendations and observations in respect of which only interim

replies have so far been furnished. The Audit have intimated that "The Action Taken Notes in respect of 97 recommendations of the Committee referred to in paragraph 1.2 of the Report were received by the Director of Commercial Audit from the Delhi Milk Scheme for vetting. These were duly returned to the Delhi Milk Scheme with the remarks wherever necessary, for revision of the Action Taken Notes. None of the Action Taken Notes were, however, received in this office for final vetting in accordance with the prescribed procedure." In this connection, the Committee would like to draw the attention of the Ministry to their observations made in paragraph 1.11 of their 5th Report (4th Lok Sabha) wherein it was stated that 'it should be reasonably possible for Government to draft the replies on these recommendations/observations within four months of their receipt and that these should be got vetted by Audit in the next two months so that final replies, duly vetted by Audit, could be sent to the Committee not later than six months of the date of presentation of the Report'. The Committee take a serious view of the failure of the Ministry of Agriculture to revise the Action Taken Notes and would like to know the reasons why the points raised by the Audit were not replied and vetted copies of the Action Taken Notes not furnished to the Committee till now. The Department of Expenditure (Ministry of Finance) should issue necessary instructions to all Departments.

1.4. The Committee will now deal with the action taken by Government on some of their recommendations and observations.

Expansion Programmes

(Paragraphs 2.45 to 2.49—Sl. Nos. 12 to 16)

1.5. Commenting on the delay in the completion of the two expansion programmes of Delhi Milk Scheme, the Committee in paragraphs 2.45 to 2.49 of the Report, had observed as follows:

"2.45. The Committee regret that timely action was not taken by the Delhi Milk Scheme to replace the old bottling plants, particularly when they knew that the normal life of these plants was 12 years and was likely to be over by 1971. In such circumstances prudence demanded advance action for replacement of the three bottling plants in a phased manner so that their replacement could be synchronised with the completion of the second phase expansion programme. Keeping in view the fact that there was a long waiting list of about 1,20,000 applicants, and the list continued to expand further from day to day the Committee regret that DMS did not take timely action to ensure a steady supply of 3,75,000 litres of milk per day throughout the year which they had envisaged under the expansion programme.

- 2.46. Although the second phase expansion programme was envisaged to be completed by December, 1970, the Committee find that majority of items included in this programme were acquired/installed/commissioned during 1973-74 to July 1975. A number of items which were included in Phase I such as four storage tanks, spray drier skimmed milk powder plant, casein plant, cold storage for ghee and white butter and cold storage for table butter, were completed during the years 1972 to 1974. Several items including equipment for milk collection and chilling centres, air-conditioning unit for butter oil storage, civil works for milk collection and chilling centres etc., of the total value of Rs. 65.70 lakhs were not acquired/executed. Apart from these, there are other items such as steam generators, ammonia compressors, rail milk tankers, of the total value of Rs. 21.75 lakhs, which were installed/acquired but were not commissioned or utilised till November 1975, according to the Audit. It has also been conceded by the Government that against 184 milk booths sanctioned in May, 1969 and December 1972, 156 milk booths have been completed and taken over till April, 1976. All these deficiencies/delays in the execution and changes/alterations at a later stage, leave no doubt in the mind of the Committee that the whole expansion programme was not properly planned and no sustained efforts were made to achieve the physical results.
- 2.47. One of the reasons adduced by the Ministry for their delay in the execution of various items of work during the second phase expansion programme is the procedural difficulties in obtaining Government sanctions for award of works and involvement of a number of agencies viz., the Central Public Works Department for Civil Works, State Trading Corporation for import of machinery and equipment against Swedish credit, DGS&D for the purchase of indigenous machinery and equipment and the Indian Dairy Development/National Dairy Development Corporation for the procurement of certain items of dairy development. The Committee are not at all convinced with the arguments advanced by the DMS/Ministry. While planning a project of this dimension, the Ministry/DMS should have taken a conclusive action to effect coordination between the Delhi Milk Scheme and the other agencies which were to play their part in the execution of the project.
- 2.48. As pointed out by Audit there were no detailed schedules for completion and commissioning of the various items of works nor were the figures of actual expenditure against sanctioned

estimates available. The Committee are surprised at the statement made by the representative of the Ministry during evidence that "no centralised schedule to regulate the completion and commissioning of various items of work was maintained during the first phase expansion programme as the works to be executed during the first phase were not too many". With regard to the second phase expansion programme, the arrangement made by the Ministry to review the progress of the project appears to have been wholly inadequate. It appears to have acquiesced in repeated extensions of time for completion of various individual works. The Committee are convinced that had a time-bound programme been drawn up and a careful vigilance kept over the execution, the scheme would have proceeded at a much faster rate and completed well in time.

- 2.49. The responsibility for drawing up the detailed scheme for expansion and implementation was primarily that of D.M.S. Since, however, DMS continued to be a departmental undertaking under the supervision of the Ministry of Agriculture, that Ministry should have also seen to it that an integrated scheme was drawn up and PERT chart identifying crucial areas for ensuring timely progress prepared and effective action taken to see that the scheme was implemented in an integrated manner as per a time-bound programme."

1.6. In their Action Taken Note dated 31 July, 1978, the Ministry of Agriculture and Irrigation (Department of Agriculture) have stated:

"While undertaking the expansion programme, DMS did not cut down supplying the committed quantities of milk to the citizens of Delhi which left very little time to execute the expansion programme. In fact, it becomes all the more difficult to keep up the regular supplies when expansion programme is under execution. When it was observed that the execution of expansion programme was not progressing satisfactorily, a separate Planning Development and Coordination Cell was set up in the DMS in 1971."

1.7. The Committee had adversely commented upon the delay in the execution of expansion programmes of the Delhi Milk Scheme and had pointed out a number of lapses noticed during the execution of the two expansion programmes. Although the second phase expansion programme was envisaged to be completed during December, 1970, the majority of items included in this programme were acquired, installed or commissioned during the years 1973—75. The Committee had expressed their dissatisfaction that the whole expansion programme was not properly planned and

that no sustained efforts were made to achieve the physical results. The Committee had also observed that there were no detailed schedules for completion and commissioning of the various items of work nor were the figures of actual expenditure against the sanctioned estimates available with the Delhi Milk Scheme. The Committee were convinced that had a time-bound programme been drawn up and a careful vigilance kept over the execution, the scheme would have proceeded at a much faster pace and been completed well in time. The Committee had also felt that since the Delhi Milk Scheme continued to be a departmental undertaking under the supervision of the Ministry of Agriculture, that Ministry should have ensured that an integrated scheme was drawn up and Programme Evaluation Review Technique Chart identifying crucial areas for ensuring timely progress prepared and effective action taken to see that the scheme was implemented in an integrated manner as per a time-bound programme. The Committee are surprised at the reply of the Government that "while undertaking the expansion programme, DMS did not cut down supplying the committed quantities of milk to the citizens of Delhi which left very little time to execute the expansion programme". It was all along envisaged while drawing up the expansion plan that the existing units would continue to work. It is regretted that instead of furnishing replies to the various points raised by the Committee, the Ministry have merely stated "when it was observed that the execution of expansion programme was not progressing satisfactorily, a separate Planning Development and Coordination Cell was set up in the Delhi Milk Scheme in 1971". The Committee would like to reiterate their earlier recommendations and observations for which specific replies should be given by the Ministry so as to enable the Committee to identify the precise reasons for the lapses at every stage. The Committee would also like to know as to how far the setting up of a separate Planning Development and Coordination Cell helped in getting the expansion programmes completed expeditiously, as it is seen that even after setting up of the above 'cell' in 1971, the execution programme of some items continued to take time upto 1975.

Functioning of Milk Producers Cooperative Societies

(Paragraph 3.96—Sl. No. 25)

1.8. Commenting on the functioning of milk producers cooperative societies, the Committee in paragraph 3.96 of the Report, had observed:

"The Committee are unable to understand why milk procurement from contractors was continued in Bulandshahr and Meerut Districts during 1975-76 when policy decision had been taken that wherever Cooperatives come up for milk supply, milk will not be accepted from the private agencies. The Committee are also concerned to note that in many villages and districts there were mushroom cooperative societies which were not

really milk producers societies. Such societies functioned somewhat like contractors and diverted sale of milk to private parties to the detriment of assured supplies for the Delhi Milk Scheme. The Committee have been informed that the Indian Dairy Corporation insist on adoption of a bye-law by milk producers co-operative society under which nobody who is not a milk producer and has not supplied milk continuously for 200 days in a year, can be or remain a member. The Committee see no reason why the Delhi Milk Scheme/Government cannot insist on the incorporation of this bye-law by the cooperatives which desire to supply milk to the Delhi Milk Scheme."

1.9. The Action Taken Note dated 31 July, 1978 furnished by the Ministry of Agriculture & Irrigation (Department of Agriculture) in response to the Committee's above observation is reproduced below:

"With a view to eliminating the difficulties which were experienced by milk procuring Cooperative Societies and other suppliers to safeguard the interest of small suppliers various changes were made in the milk procurement policy of 1975-76. It was decided that DMS would purchase milk from its milk shed areas through the following agencies.

1. Directly from farmers, the dudhias and Cooperative Societies and federations which will get first preference.
2. Wherever, the procurement of milk through the above agencies was not feasible purchase of milk would be made through small milk suppliers against regular annual contracts.

DMS has implemented the above policy and continued procurement of milk through contractors in the districts of Bulandshahr and Meerut only, when cooperatives did not come forward to commit regular supplies of milk to D.M.S. throughout the year. The D.M.S. can, however, not directly involve itself in the functioning of Cooperatives as the cooperatives are formed under State Governments Rules etc."

1.10. The Indian Dairy Corporation insist on adoption of a bye-law by milk producers co-operative society under which nobody who is not a milk producer and has not supplied milk continuously for 200 days in a year, can be or remain a member of a cooperative society. The Committee had desired in their earlier recommendation that the Delhi Milk Scheme should also insist for adoption of such a bye-law by milk producers cooperative societies which supplied milk to them. The Committee, however, note from the action taken note furnished to them that the Delhi Milk Scheme has expressed its inability to directly involve itself in the functioning of cooperatives as these are formed under State Government rules etc. The Committee

are not convinced with this plea. They see no reason why the Delhi Milk Scheme can not persuade the concerned State Governments in this regard when the Indian Dairy Corporation had been able to get it done. The Delhi Milk Scheme which is the largest if not the only purchaser of bulk quantities of milk from cooperative societies commands an authority by virtue of which it can insist on the adoption of such bye-laws. The Committee feel that in order to ensure regular supply of milk from the members of the cooperative societies to the Delhi Milk Scheme and check its diversion for other purposes, it is essential that State Governments are persuaded to amend the bye-laws of milk producers cooperatives so that only genuine milk suppliers become members of the cooperative societies.

Milk Product Factories

(Paragraphs 3.101—3.103—Sl. Nos. 30—32)

1.11. Commenting on the functioning of the milk product units in the organised sector located around the operational areas of Delhi Milk Scheme, the Committee in paragraphs 3.101 to 3.103 of the Report, had observed as follows:

‘3.101. The Committee are distressed to find that despite the issue of licences in or after 1970, several milk product units in the organised sector located around the operation areas of Delhi Milk Scheme have turned out products beyond their licensed capacity in violation of the provisions of the licence. For example, it will be seen from the Statement at Appendix I that M/s. Milk Commissioner, Jind (Haryana) and M/s. Haryana Milk Food, Pehwa produced milk powder to the extent of 901 tonnes and 1009 tonnes in 1975 and 1974 respectively against their licensed capacity of 650 tonnes and 800 tonnes respectively. Similarly, M/s. Hindustan Lever Limited, Etah (U.P.) produced 1350 and 1234 tonnes of Infant Milk during 1971 and 1972 respectively against their licensed capacity of 1000 tonnes. M/s. Glaxo Laboratories Limited, Aligarh (U.P.) a multinational, produced 4418 tonnes of Infant Milk Food during 1971 against their licensed capacity of 4000 tonnes. All this goes to indicate that no follow-up action was taken to enforce strictly the provisions of the licences issued to the Units concerned. The Committee deplore this casualness on the part of the authorities concerned.

3.102. The Committee are unhappy to record that although the Ministry of Agriculture/Delhi Milk Scheme were aware of the problem of competition by these industrial units, no serious efforts were made to resolve the problem. It is rather strange

that the Ministry of Industry and Civil Supplies which is responsible for granting of licences to the Industrial Units for milk products were not aware as confessed by their representative during evidence, of the milk shed areas of the Delhi Milk Scheme. What has surprised the Committee is the fact that since 1972 correspondence has been going on between the Ministry of Agriculture and Irrigation and Ministry of Industry and Civil Supplies to curb the functioning of milk product factories but no tangible measures, legal or administrative, have been taken so far to prevent diversion of milk from the milk shed areas of Delhi Milk Scheme to the milk product factories.

3.103. The Committee feel that one of the effective steps to restrict the procurement of milk by the Milk Product Factories can be to demarcate the milk shed areas of Delhi Milk Scheme. For this purpose, the cooperation of the States which fall within the milk shed areas of Delhi Milk Scheme is necessary. The Committee have been informed that the question of demarcating milk shed areas was considered on 13 June, 1975 at a meeting of officers of Haryana Dairy Development Corporation, D.G.T.D., Ministry of Industry and the Delhi Milk Scheme and since then a proposal for demarcating milk shed areas of various plants in the State of Haryana has been under consideration of the State Government. The Committee would like the Ministry of Agriculture to examine the matter in depth in consultation with the Ministry of Industry and Civil Supplies and the State Governments concerned and finalise the proposal of demarcating milk shed areas for each processing unit in and around Delhi expeditiously."

1.12. In their Action Taken Notes dated 31 July, 1978, the Ministry of Agriculture & Irrigation (Department of Agriculture) have stated:

"3.101. In order to achieve greater production it is the policy of the Government to allow manufacturers to produce 25 per cent in excess of their licensed capacities. Against this, the excess production appears to be small. However, the observation of the Committee has been noted for future guidance.

3.102. Initially, milk shed areas were not being included in the industrial licences issued to the parties. As a result of experience gained, demarcation of milk command areas was included in later licences in the case of those licences where milk shed areas were not specified, it is now not possible to incorporate any new conditions under the Industries (Development & Regulation) Act, 1951, including demarcation, after the plants

have been established. Presently, there is no provision under the Industries (Development & Regulation) Act, 1951 to take action against breach of conditions of the licence. However, The Ministry of Industry is seized of the problem and is considering suitably to amend the Industries (Development & Regulation) Act, 1951.

- 3.103. Under the present Industries (Development & Regulation) Act 1951, it is not possible to incorporate any new conditions for demarcating areas after the plants have been established. The Government of Haryana has been considering demarcating milk shed areas of the various plants in the State. It has, however, not been possible for Haryana to supply milk to the D.M.S. as the milk produced in that State is needed for the plants set up there. With the setting up of State Dairy Corporations/Federations in the States of Rajasthan, Punjab, Haryana & U.P., D.M.S. is procuring milk through these Bodies in bulk directly, thus obviating the need for demarcation of individual dairy plants."

1.13. The Committee had expressed their dissatisfaction that several milk product units in the organised sector located around the operation areas of Delhi Milk Scheme had turned out products beyond their licensed capacity in violation of the provisions of the licences issued to them. The Committee had deplored the casualness on the part of the authorities concerned in not taking action to enforce strictly the provisions of the licences issued to such units. In the action taken note furnished to the Committee, the Ministry of Agriculture & Irrigation (Department of Agriculture) have tried to justify manufacturers' action on the plea that in order to achieve greater production, Government allow manufacturers to produce 25 per cent in excess of their licensed capacities. The Committee are pained to note that Government allowed this policy to be followed even in respect of milk product units knowing fully that the Delhi Milk Scheme had been facing great difficulty in procurement of milk because of diversion of milk from the milk shed areas of Delhi Milk Scheme to the milk product factories. In the circumstances, it was expected that care would be taken by Government to check the excess production of the milk product units so that the Delhi Milk Scheme could procure milk to meet their demands fully. Since the Ministry of Agriculture & Irrigation (Department of Agriculture) have stated that the observation of the Committee in this regard has been noted by them for future guidance, the Committee would like to know the specific steps taken by Government to check excess production by the milk product units located around the milk shed areas of Delhi Milk Scheme.

1.14. The Committee had pointed out that one of the effective steps to restrict the procurement of milk by the Milk Product Units could be to

demarcate the milk shed areas of Delhi Milk Scheme. In the Action Taken Note furnished to the Committee, it has been stated that the Ministry of Industry is seized of the problem and is considering suitably to amend the Industries (Development and Regulation) Act, 1951 since under the present provisions of the Act no action could be taken against breach of conditions of the licence. The Committee urge that early decision may be taken in the matter so that diversion of milk from the milk shed areas of Delhi Milk Scheme to the milk product factories is checked immediately.

1.15. The Committee had also desired Government to finalise the proposal of demarcating milk shed areas for each processing unit in and around Delhi expeditiously. In reply, it has been stated that under the Industries (Development & Regulation) Act, 1951, it is not possible to incorporate any new conditions for demarcating areas after the plants have been established. With the setting up of State Dairy Corporations/Federations in the States of Rajasthan, Punjab, Haryana and Uttar Pradesh, Delhi Milk Scheme is procuring milk through these Bodies in bulk directly, thus obviating the need for demarcation of areas for individual dairy plant. The Committee feel that even though at present the Delhi Milk Scheme is procuring milk from State Dairy Corporations etc., the demarcation of the milk shed areas for Delhi Milk Scheme would facilitate procurement of milk exclusively for the Delhi Milk Scheme.

Sale of milk to Rajasthan Go Sewa Sangh, Bikaner

(Paragraph 4.85—Sl. No. 48).

1.16. Expressing concern over the sale of milk to Rajasthan Go Sewa Sangh, Bikaner, the Committee in paragraph 4.85 of the Report, had observed:

“The Committee note that Delhi Milk Scheme had sold milk to Rajasthan Go Sewa Sangh, Bikaner from April, 1969 to December, 1973 for distribution in Bikaner city on the basis of procurement price plus 21.5 paise per litre to cover the handling charges (excluding the over-heads). As the cost of handling the milk in Bikaner was higher than the rate of 21.5 paise per litre, the Delhi Milk Scheme had to suffer a loss of 0.91 lakhs for the above sale. The Committee would like to know the circumstances under which the milk was sold to the Sangh at a loss, particularly at a time when the procurement of milk from Bikaner was showing a downward trend and the milk was required for the dairy in Delhi.”

1.17. In their Action Taken Note dated 31 July, 1978, the Ministry of Agriculture & Irrigation (Department of Agriculture) have stated:

“D.M.S. sold milk to Rajasthan Go Sewa Sangh, Bikaner for distribution in Bikaner city on the basis of procurement price plus

21.5 paise per litre to cover the handling expenses (excluding overheads) on the basis of decisions taken in the 33rd meeting of the Management Committee of the Governing Body for D.M.S. held on 27-1-1968 although, D.M.S. had proposed at item No. 3 of the agenda note to charge 28 paise per litre to the Rajasthan Go Sewa Sangh, Bikaner.

1.18. The Delhi Milk Scheme had sold milk to Rajasthan Go Sewa Sangh, Bikaner from April, 1969 to December, 1973 for distribution in Bikaner City on the basis of procurement price plus 21.5 paise per litre to cover the handling charges (excluding the overheads). In view of the fact that the cost of handling the milk in Bikaner was higher than the rate of 21.5 paise per litre and the Delhi Milk Scheme suffered a loss of Rs. 0.91 lakh on this account, the Committee had desired to know the circumstances under which the milk was sold to the Sangh at a loss. The Committee find from the Action Taken Note furnished by the Ministry of Agriculture & Irrigation that although the Delhi Milk Scheme had proposed 28 paise per litre to cover the handling charges, the Management Committee of the Governing Body for Delhi Milk Scheme at its meeting held on 27 January, 1968 had decided to charge 21.5 paise per litre to cover the handling expenses (excluding the over-heads). The Committee regret that Government have not explained the reasons which influenced the Managing Committee not to agree to the proposal put up by the Delhi Milk Scheme. The Committee deplore the perfunctory manner in which their recommendation has been dealt with and continuous efforts made to suppress the facts from them. This gives rise to suspicion that decision to sell milk to Go Sewa Sangh was not made deliberately on merits. The Committee are of the view that members of the then Managing Committee should, in the absence of valid reasons, be personally made responsible to make good the loss. The Committee expect that the Ministry of Finance (Department of Expenditure) Public Accounts Committee Cell will issue suitable instructions to the various Ministries so that the replies furnished to the Committee are self explanatory and conclusive.

Utilisation of butter oil in milk (Paragraph 4.87—Sl. No. 50)

1.19. Expressing concern over the utilisation of butter oil for production of milk, the Committee in paragraph 4.87 of the Report, had observed:

“The Committee note that for increased production of ghee of 6.74 lakh kilograms in 1972-73 and 5.66 lakh kilograms in 1973-74, fat was diverted from raw milk and to make up the resultant shortfall of fat large quantities of butter oil was used up for preparation of pasteurised milk. This step had to be taken as the air-conditioning unit for butter oil storage provided for in the second phase expansion at an estimated cost of Rs. 8 lakhs

had not been installed. Had this been done, the Committee feel, the problem of spoilage might not have arisen. The Committee would like the Delhi Milk Scheme to work out the comparative economics (including foreign exchange implications) of the substitution of fat in raw-milk by butter oil in the production of pasteurised milk and use of fat in the raw milk for production of ghee so that butter oil for production of ghee is used economically, judiciously and also keeping in view health considerations."

1.20. In their Action Taken Note dated 31 July, 1978, the Ministry of Agriculture & Irrigation (Department of Agriculture) have stated:

"During 54th Meeting of the Management Committee of D.M.S. held on 12th October, 1977, it was decided that Butter-Oil will not be used just to bring-down the cost of fresh-milk. It was also decided that all efforts should be made to procure adequate quantities of milk, and that Butter-Oils should be used only when D.M.S. does not get adequate quantities of fat from the procured milk. This decision of the Management Committee is now being followed and D.M.S. is no longer producing ghee and using Butter-Oil, as pointed out in this para by the Committee. The question of working out the comparative economies of substitution of raw-milk by Butter-Oil, therefore, does not arise. D.M.S. is now concerned to cater to the basic need of the consumers rather than to effect economy by the use of butter oil".

1.21. The Committee had pointed out that on account of diversion of fat from raw milk for the production of ghee during 1972-73 and 1973-74 and to make up the resultant shortfall of fat large quantities of butter oil was used for preparation of pasteurised milk. The Committee had, therefore, desired the Delhi Milk Scheme to work out the comparative economics (including foreign exchange implications) of the substitution of fat in raw milk by butter oil in the production of pasteurised milk and use of fat in the raw milk for production of ghee so that butter oil for production of ghee is used economically, judiciously and also keeping in view health considerations. The Ministry of Agriculture and Irrigation (Department of Agriculture) in their reply have stated that the Management Committee of the Delhi Milk Scheme at its meeting held on 12 October, 1977 had decided that the butter oil will not be used just to bring down the cost of fresh milk. It was also decided that butter oil should be used only when the Delhi Milk Scheme does not get adequate quantities of fat from the procured milk. The Ministry have also stated that the Delhi Milk Scheme is no longer producing ghee and using butter oil. The Committee feel that as

the possibility of using butter oil is not ruled out in the event of less availability of fat from the procured milk, it would be proper to work out the comparative economics (including foreign exchange implications) of the substitution of fat in raw milk by butter oil in the production of pasteurised milk as and when the eventuality arises.

Complaints (Paragraph 5.51—Sl. No. 67)

1.22. Dealing with the increase in the number of complaints against the functioning of booths, the Committee in paragraph 5.51 of the Report, had observed:

“The Committee need hardly point out that the working of a public utility service like the Delhi Milk Scheme has to be judged by the extent of satisfaction afforded to the beneficiaries. Judging from the increasing trend in the number of complaints the Committee cannot but come to the conclusion that the functioning of the booths is far from satisfactory and needs to be looked into so as to effect improvements. They would, therefore, urge that a detailed survey of the depots may be conducted periodically with a view to identify the difficulties. The Committee would suggest that every depot should maintain a complaint box, wherein all written complaints concerning the functioning of the booth may be dropped by the token holders. The keys of complaint boxes may be kept by the Milk Distribution Officers in their custody who should arrange to collect all the complaints, register them and initiate action thereon. The complaints should be looked into without loss of time and the complainants apprised of the action taken in definitive terms.”

1.23. In their Action Taken Note dated 31 July, 1978, the Ministry of Agriculture and Irrigation (Department of Agriculture) have replied as follows:—

“The suggestion to maintain complaint box at the depots has been considered in the past, but due to the fact that even the notices are removed by the miscreants as also the doors, window panes, locks and latches, it has not been considered feasible to affix complaint boxes at the depots.

Delhi Milk Scheme has however set up a complaint Cell with Phone No. 585426, which functions round the clock. The complaints received on phone & by post are registered in the complaint register and prompt action is taken. The complainant is also informed about the action taken on his complaint.”

1.24. While appreciating the difficulty in maintaining complaint boxes at each Depot, the Committee are constrained to note that Government have not furnished any reply to their specific recommendation that a detailed survey of the depots might be conducted periodically so that the difficulties of the beneficiaries are identified and speedy remedial measures taken thereon. The Committee would like to be apprised of the action taken by Government in this regard.

Maintenance of ticklers by the depot managers (Paragraph 5.53—Sl. No. 69)

1.25. With regard to maintenance of ticklers by the depot managers for checking mal-practices, the Committee in paragraph 5.53 of the Report, had observed:—

“The Audit has pointed out that though instructions exist to ensure that no token holder is denied milk altogether, no relative records were available to indicate the effectiveness of these instructions and the extent to which genuine demand of the token holder was fulfilled. During evidence the Committee have been informed that upto 3 bottles a token holder is ensured full quota and for more than 3 bottles it depends upon the availability of milk supply. The Committee consider that in order to check mal-distribution of milk, it is of paramount importance that the depot manager invariably maintains the ticklers showing the tokens presented, quantities authorised and issued and that such ticklers should be checked and counter-signed by the field officers during their surprise visits.”

1.26. In their Action Taken Note dated 31 July, 1978, the Ministry of Agriculture & Irrigation (Department of Agriculture) have stated:

“Generally, full supply of milk is ensured to token holders, but sometimes due to unforeseen circumstances *i.e.* breakdown of the machinery etc. in the Central Dairy, the cut in the supply becomes unavoidable.”

1.27. The Committee had recommended that in order to check mal-distribution of milk, the depot manager should invariably maintain the ticklers showing the tokens presented, quantities authorised and issued and such ticklers should be checked and counter signed by the field officers during their surprise visits. The Committee are unhappy to note that the Ministry of Agriculture and Irrigation (Department of Agriculture) have not replied to their specific recommendation and indicated the action taken by them on it. The Committee deplore such an attitude and would like to know without further loss of time whether the depot managers have been

instructed to maintain the ticklers as suggested by them and whether the ticklers are checked and countersigned by the field officers while on their surprise visits. The Committee feel that maintenance of ticklers is necessary not only to check mal-distribution of milk but also it reveals whether all the registered token holders are turning up regularly for the milk supply. In case no milk is being supplied regularly against token for some reasonable time, steps can be taken to cancel such tokens.

Display of board at milk depot

(Paragraph 5.54—Sl. No. 70)

1.28. Suggesting the display of a board indicating the supplies received, the number of token holders etc. at the milk depot, the Committee in paragraph 5.54 of the Report, had commented as follows:

“The Committee would also like the Delhi Milk Scheme to consider the feasibility of displaying at some prominent place at the depot a board showing the supplies received (in bottles), the number of token holders with total requirements registered, etc. This will help in creating confidence among the token holders that their requirement beyond 3 bottles is not being reduced at the discretion of the depot manager.”

1.29. In their Action Taken Note dated 31 July, 1978, the Ministry of Agriculture and Irrigation (Department of Agriculture) have stated:

“The quota of the milk supplied at the depots is shown in the docket showing the No. of crates supplied at the depot and the token holders are thus aware about the exact quota of milk received at the depot. Further, Depot Advisory Committee formed by the token holders are also watching this aspect.”

1.30. The Committee are unhappy to note that the Ministry of Agriculture and Irrigation (Department of Agriculture) have not advanced any argument for not agreeing to the proposal made by them regarding displaying of a board at the depot showing the supplies received; the number of token holders with total requirements registered etc. In the opinion of the Committee the display of such board would help in creating confidence among the token holders. The Committee need not point out that such boards are displayed even at the chemists, ration and other shops so as to help the customers to know the actual stock position. The Committee, therefore, reiterate their recommendation and would like to be informed categorically whether Government have accepted their recommendation in regard to display of a board at the depot showing the supplies received (in bottles), the number of token holders with total requirements registered, etc.

*Idle Plant and Machinery**(Paragraphs 8.22 to 8.24—Sl. Nos. 89 to 91)*

1.31. Expressing concern over certain items of plant and machinery lying idle with the Delhi Milk Scheme since their acquisition, the Committee in paragraphs 8.22 to 8.24 of the Report, had observed:

“8.22. The Committee are distressed to note that several items of plant and machinery costing Rs. 41.54 lakhs have been lying idle with the Delhi Milk Scheme since their acquisition. They find that more than a decade has passed since the automatic recrating and decrating machines, milk evaporating plant and cheese plant were acquired by the Delhi Milk Scheme and have not been put to use for one reason or the other. In this context it is relevant to mention that the Public Accounts Committee in their Sixth Report (Fifth Lok Sabha) had also stressed the need for utilisation of these machines. The Committee note that despite the fact that the technical experts of the National Dairy Development Board who had inspected the automatic recrating and decrating machines in March, 1975 and recommended their disposal, nothing tangible has been done in this behalf.

8.23. The Committee note that although the Ministry had intimated to them in 1972 that the Milk evaporating plant would be commissioned in about six months, they are surprised to find from the information furnished to the Committee in July, 1977 that it has not been commissioned so far for lack of spare parts. The Committee would like to be informed of the specific steps taken to expedite the commissioning of the plant. The fact that the plant has been lying idle since 1963 and the Delhi Milk Scheme were carrying on without it all these years, gives rise to the doubts in the mind of the Committee whether the purchase of the evaporating plant was absolutely necessary.

8.24. The Committee note that the Delhi Milk Scheme failed to establish the cheese plant at Bikaner. They also note that efforts are being made to establish it at Mathura and that the sanction of the Government of Uttar Pradesh is awaited.”

1.32. In their Action Taken Notes dated 31 July, 1979, the Ministry of Agriculture & Irrigation (Department of Agriculture) have stated:

“8.22-8.23. The Government are considering to use some of the components of the recrating and decrating plants which can be put on the old bottling plant. After that the sanction for the disposal of this plant would be accorded. Government has

already taken decision to dispose of the equipment of the Balancing Station and also Cheese Plant. Surplus reports has been sent to DGS&D who are calling tenders for their sale. So far our efforts to commission milk evaporating plant have not succeeded due to non-availability of some of the spare parts. Efforts are being made to import these spare parts.

The matter has already been explained in detail to the P.A.C. separately in response to the recommendation of the P.A.C. in its Sixth report referred to in the para.

8.24. It has since been decided not to set up Cheese plant under DMS. The equipment has since been put up for sale through DGS&D."

1.33. The Committee had noted that several items of plant and machinery costing Rs. 41.54 lakhs were lying idle with the Delhi Milk Scheme since their acquisition. It is regrettable that the Ministry of Agriculture and Irrigation (Department of Agriculture) in their action taken note have not indicated the conclusive action taken by them in regard to use or disposal of the plants and machinery. The Committee need hardly emphasise that all out efforts should be made either to commission the plants or to dispose of the machinery without loss of further time as these have been lying idle for more than a decade.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation

1.25. The Committee note that the Delhi Milk Scheme functions as a departmental under the direct control of the Ministry of Agriculture and Irrigation (Department of Agriculture) and for its efficient working have constituted a Governing Body under the chairmanship of Minister of State in the Ministry and the Chairman, Delhi Milk Scheme as the Member-Secretary. The Governing Body considers matters of general policy relating to the Scheme, such as procurement and distribution of milk, manufacture of milk products, general pricing policy for milk and milk products, annual budget and review of progress of the Scheme and any matter of general importance, which may be referred to the Governing Body by Government. The Governing Body functions through a Management Committee comprising the Secretary of the Ministry as its Chairman and five other Members one of whom is the Chairman, DMS and the other four are officials of the Ministry. The functions of the Managing Committee are to provide guidance to the Chairman, Delhi Milk Scheme, in matters of policy arising out of day-to-day working of the Scheme and take decisions on important matters connected with day-to-day working matters of major policy required to be placed before the Governing Body, and matters of general importance which may be referred to the Management Committee by the Government. The Governing Body and the Management Committee are required to meet as often as necessary but not less than once a quarter. The Committee, however find that during 1972-73 and 1973-74 and upto January, 1975, the Governing Body had met thrice and the Management Committee had met four times only. The last meetings of the Governing Body and the Management Committee were held on 14 May 1975 and 25 July 1973 respectively.

1.26. The Committee are constrained to point out that the Governing Body and Management Committee which were constituted by Government to ensure efficient functioning of Delhi Milk Scheme and to resolve problems experienced in its working failed to meet as frequently as required to transact their business. No convincing explanation has been furnished to the Committee during evidence in this regard.

1.27. The Committee cannot accept the plea that as Plan Progress Review Committee meetings were being conducted by the Department where the Chairman Delhi Milk Scheme and other concerned officials were present, it was not found necessary to hold the meetings of the Governing Body and the Management Committee. It need hardly to be pointed out that while the Progress Review Committee meetings are being held in the Directorate of Statistics under the Chairmanship of a Joint Secretary/ Additional Secretary, the Governing Body was required to meet under the Chairmanship of the Minister himself while the Management Committee had the Secretary of the Ministry as Chairman. The Committee feel that it was incumbent upon the Chairman of the Delhi Milk Scheme, who was the convener for the Governing Body and a Member of the Management Committee, to have moved in the matter, brought up his problems and sought guidance. The Committee note that Government have now belatedly issued directions to the Chairman, Delhi Milk Scheme to convene the meetings of these Bodies regularly in accordance with the provisions of the Regulations. The Committee would like the Secretary of the Ministry, who is a member of both the Bodies, to make sure that these Bodies meet regularly and that problems of the Delhi Milk Scheme are gone into in depth and resolved.

1.28. The Committee note that it was in 1964 that the Expert Committee appointed to review the working of the Delhi Milk Scheme recommended that it may be converted into a company. Government took five years to decide that instead of converting it into a company, it may be made into a statutory corporation. A Bill was introduced towards the end of the 4th Lok Sabha in 1970 and the 5th Lok Sabha in 1976 and on both these occasions because of the dissolution of the House the consideration of the Bill remained inconclusive. It is thus evident that though the need for putting the DMS on a statutory basis in the interest of better and efficient functioning was realised eight years ago the objective has not been achieved because of the hesitant and inconclusive Government action.

1.29. The Committee stress that Government should pursue this matter conclusively so that the Delhi Milk Scheme is enabled to function efficiently and with the requisite flexibility in the interest of improving the service, reducing the overheads and cutting out the losses to the extent possible.

1.30. The Committee have no doubt that in bringing forward the legislation Government would keep in view the need for having one unified authority for procurement and distribution of milk so as to reduce the overheads and maximise the facilities available to the public particularly those belonging to the poorer and weaker sections of the society.

[S. Nos. 1 to 6, (Paras 1.25 to 1.30) of Appendix III to 46th Report
(6th Lok Sabha)]

Action Taken

The meetings of the Management Committee are now being held regularly since the third quarter of 1976 and the following meetings have been held:

- 51st meeting held on 15-9-1976
- 52nd meeting held on 10-1-1977
- 53rd meeting held on 23-6-1977
- 54th meeting held on 12-10-1977
- 55th meeting held on 22-2-1978

The last meeting of the Governing Body of the Delhi Milk Scheme was held on 7-2-77. Since then it has not been feasible to hold the meetings with the dissolution of the Parliament, the Governing Body also stood dissolved. With the formation of the new Government, the Governing Body has since been reconstituted.

The matter regarding conversion of Delhi Milk Scheme into a Corporation is under the active consideration of the Government. Meanwhile, the Management Committee has been reconstituted and the matter of giving it adequate powers to make it effective is under consideration.

[Ministry of Agriculture and Irrigation (Department of Agriculture)
O.M. No. 2-55/77-LD. I, dated 31-7-78]

Recommendation

The Committee desire that the residual items of work relating to the second expansion programme should be expeditiously completed so that there is no let up in the supply of fluid milk to the citizens of Delhi who are in desperate need of milk supply. The Committee further desire that a quick assessment should be made about the progress of the second phase expansion scheme with a view to plug all procedural loopholes. The Committee also desire that a periodical examination should be made of all the plants and machinery installed at DMS with a view to assess their performance with reference to their installed capacity. Deficiencies, if any noticed during such inspections, should be promptly rectified.

[S. No. 17 (Para 2.50) of Appendix III to 46th Report (6th Lok Sabha)]

Action Taken

The Committee's recommendations regarding review of the residual items of work relating to the second expansion programme will be followed. Periodical examination of all the plants & machinery installed at D.M.S will also be undertaken with a view to assessing their performance with reference to their installed capacity and in fact one such review is already under progress.

[Ministry of Agriculture and Irrigation (Department of Agriculture)
O.M. No. 2-55/77-L.D. I, dated 31.7.78]

Recommendation

The Committee note that a number of concessions, such as higher rate of commission than application to the contractor relaxation of security deposit condition and no penalty if the entire milk handled though less than the agreed quantity is supplied, have been given to cooperatives. There are, however, no data available with the Delhi Milk Scheme to indicate the impact of these concessions on the procurement of milk through cooperatives. The Committee would like to urge that the D.M.S./Ministry should make a careful study of these and other concessions extended to the cooperatives to see as to how far these have achieved the desired objectives. In the light of this study, D.M.S./Ministry may consider whether any more and if so, what concessions are needed to step up procurement of milk through the cooperative system. The Committee, in fact, desire that people, particularly those who are traditionally engaged in the milk trade at the village level, may be encouraged to set up cooperative societies so that they may get reasonable return for their milk. In any case, the Committee would like that there should be an institutional arrangements which is mutually satisfactory both to the D.M.S. and the cooperatives. Apart from the unsatisfactory and undependable supply of milk by contractors, the Government/Delhi Milk Scheme should address themselves to the basic issue whether milk should not be procured from cooperatives and milk producers only and the contractors who act as middlemen eliminated. The Committee would like to point out that the Mother Dairy operating largely in the same area have been able to procure the entire quantity of 55.71 lakhs litres of milk in 1975-76 through the cooperatives. [S. No. 27 (Para 3.98) of Appendix III to 46th Report (6th Lok Sabha)]

Action Taken

A Committee constituted in 1977 by the Government of India consisting of the representatives of Mother Dairy, D.M.S. and the Department of Agriculture had gone into the scale of overhead charges and other facilities provided to the State Cooperative agencies and has already submitted its report. This report has been sent to the respective State Governments for their comments. Further more, D.M.S does not charges any penalty on account of short fall in committed quantity of milk supplied, provided all the milk available with cooperative agencies is supplied to D.M.S./Mother Dairy and to no other party.

[Ministry of Agriculture & Irrigation (Department of Agriculture)
O.M. No. 2-55/77-LD-I, dated 31-7-78]

Recommendation

The Committee note that the procurement of milk direct from the farmers has risen to about 21.9 per cent of the total procurement in 1975-76 through departmental efforts although two or three years earlier it was hardly a significant source. While the Committee appreciate these efforts they would, nevertheless like to emphasise that intensive efforts should be

made to develop genuine cooperatives of milk producers and make them the main source of procurement. For supplies procured departmentally direct from producers, the Committee would like to be assured that not only good quality milk is procured but its cost of procurement per unit is economical as compared to milk procured through genuine cooperatives of producers. The Committee would also urge that in the matter of payment to the producers care should be taken that no intermediaries are involved.

[S. No. 28 (Para 3.99) of Appendix III to 46th Report
(6th Lok Sabha)]

Action Taken

Under its Department milk procurement programme D.M.S. makes payment to the small milk producers/farmers at the point of collection in the villages itself through its own staff and no intermediaries are involved.

[Ministry of Agriculture and Irrigation (Department of Agriculture)
O.M. No. 2-55/77-LD. I, dated 31-7-78]

Recommendation

One of the main reasons for shortfalls in the procurement of milk has been the keen competition which Delhi Milk Scheme has to face from a number of milk product factories located in the vicinity of Delhi and private dealers, who are in a position to pay higher procurement prices because of the higher returns as compared to liquid milk. The Committee have been informed during evidence that it was only in 1970 that a decision was taken to give COB (Carry-on-business) licences in respect of those units which were there before 1970 and that there was no condition in their licences to the effect that they should not procure from Delhi Milk Scheme milk shed areas. In respect of those which came up after 1970, such a condition has been prescribed.

[S. No. 29 (Para 3.100) of Appendix III to 46th Report
(6th Lok Sabha)]

Action Taken

This is a statement of facts and thus there are no comments to offer.

[Ministry of Agriculture & Irrigation (Department of Agriculture)
O.M. No. 2-55/77-LD. I, dated 31-7-78]

Recommendation

The Committee welcome the idea of National Grid Scheme sponsored by the Indian Dairy Corporation to procure milk from surplus areas for supply in the deficit areas. The Committee expect the Delhi Milk Scheme

to take full advantage of the National Grid Scheme and make good their shortfalls in the lean period through the Grid Scheme and thus save on the use of imported skimmed milk powder.

[S. No. 34 (Para 3.105) of Appendix III to 46th Report
(6th Lok Sabha)]

Action Taken

D.M.S. is already procuring milk in bulk through the State Dairy Co-operative Federations/Corporations established in the northern grid. The view of the Committee has been noted for compliance.

[Ministry of Agriculture & Irrigation (Deptt. of Agriculture)
O.M. No. 2-55/77-LD. I, dated 31-7-78]

Recommendation

The Committee note that 7 collection and chilling centres located in Bahadurgarh, Alipur, Najafgarh, Bavana, Sonapat, Kharkhoda and Sampla were closed between January, 1965 and September, 1971 on account of uneconomical operation and non-availability of milk. Besides the expenditure on land, building and other ancillary works, the expenditure incurred on the plant and machinery of these centres was Rs. 17.43 lakhs. It has, however, been stated on 26th July, 1977 that the closed centres, the milk collection and chilling centres of Najafgarh and Bawana were recommissioned w.e.f. 17th September, 1976 and 17th November, 1976 respectively. The Committee have further been informed on 26th July 1977 that two more milk collection and chilling centres at Kama and Pilkhuwa had to be closed down w.e.f. 1st February, 1975 and 27th March, 1975 respectively. Kama centre was closed down as per agreement with M/s. Dalmia Dairy under which the Delhi Milk Scheme would not collect milk in the Delhi Milk Scheme milk shed area in Gurgaon. Pilkhuwa centre had to be closed down due to fall in milk collection in the area as also due to proximity of Massuri and Guloathi centres where the milk collected in this area could be conveniently handled.

[S. No. 35 (Para 4.20) of Appendix III to 46th Report
(6th Lok Sabha)]

Action Taken

No comments.

[Ministry of Agriculture & Irrigation (Deptt. of Agriculture)
O.M. No. 2-55/77-LD. I, dated 31-7-78]

Recommendation

The Public Accounts Committee in their 27th Report (4th Lok Sabha) (April 1968) had recommended that the Delhi Milk Scheme should find alternative avenues of using the buildings of the closed milk collection and

chilling centres and that the machinery available at these centres should be transferred early to other places where the new centres were to be set up. In reply to the recommendation, the Department of food and Agriculture informed the Committee in 1967 that "the plant and machinery installed at Bawana, Najafgarh, Bahadurgarh and Alipur will be shifted to Bhadus, Punhana in Gurgaon District where land has been acquired for establishing chilling centres and to Mahajan in Bikaner. Since the capacity of Mahajan Centre is being planted double that of the other centres two sets of equipment will be shifted to that place. Plant and machinery has not been installed at Sampla. As regards disposal of buildings at Bawana, Alipur and Najafgarh, their availability is being intimated to the various Ministries, attached and subordinate offices of the Government of India and the Delhi Administration. On hearing from interested Departments further action will be taken."

[S. No. 36 (Para 4.21) of Appendix III of 46th Report
(6th Lok Sabha)]

Action Taken

No comments.

[Ministry of Agriculture & Irrigation (Deptt. of Agriculture)
O.M. No. 2-55/77-LD, I, dated 31.7.78]

Recommendation

It is evident from the Audit Report that during the period 1969 to 1971 some more chilling centres had been closed. It is also seen from the reply of the Ministry quoted in paragraph 4.60 of the Report that the proposal of the Scheme to set up a Milk Collection and Chilling Centre at Mahajan in Bikaner, has not materialised. The Committee regret that despite the assurances given by the Government to the Public Accounts Committee, the milk collection and chilling centres remained closed for four years and longer periods and conclusive action to put surplus plant and machinery to alternative uses was not taken by Milk Scheme. It was only in April, 1974 that a Committee of officers was constituted to go into the question of utilisation of the machinery available with the closed milk collection and chilling centres. The Committee of Officers submitted its report on 20th September, 1974 and recommended the disposal of the plant and machinery quickly as there was little possibility of establishing new centres in the existing milk-shed areas of Delhi Milk Scheme. Since the recommendations of the Committee were based on certain assumptions, the Chairman, Delhi Milk Scheme, issued fresh guide-lines to the Committee of Officers on 26th September, 1974 and ordered a review. The Committee again met on 22nd January, 1975 and submitted another report on 24th January, 1975 where-

in they recommended the utilisation of the plant and machinery for commissioning of new centres and for strengthening the existing ones.

[S. No. 44 (Para 4.40) of Appendix III to 46th Report
(6th Lok Sabha)]

Action Taken

No comments.

[Ministry of Agriculture and Irrigation (Department of Agriculture)
O.M. No. 2-55/77-L.D. I, dated 31-7-78]

Recommendation

According to the information furnished to the Committee, the Milk Collection and Chilling Centre at Sonapat has already been commissioned and efforts are being made to recommission the centres at Bahadurgarh and Kharkhoda. As non-utilisation of machinery purchased at heavy capital cost constitutes a recurring loss, the Committee would like the Ministry/Delhi Milk Scheme to ensure that arrangements for proper utilisation of the assets of the closed milk collection and/chilling centres are finalised without delay and implemented in entirety. They would also like to impress that in future before setting up such centres. Delhi Milk Scheme should ensure that raw milk is available in adequate quantity in the areas of collection and the centres do have proper handling and chilling capacities.

[S. No. 39 (Para 4.24) of Appendix III to 46th Report
(6th Lok Sabha)]

Action Taken

The milk collection and chilling centres were closed as indicated below for reasons indicated against each.

No.	Name of the Centre	Date of commissioning	Reasons for closing the centre	Remarks
1.	Bahadurgarh;	October, 1962	Due to non-availability of milk.	
2.	Alipur . . .	1961-62	Uneconomical	
3.	Najafgarh . . .	1961-62	operation.	Recommissioned in Sept., 1976.
4.	Bawana . . .	1961-62		Recommissioned in Nov., 1976.
5.	Sonapat . . .	1968-69.		Recommissioned in 1974 and thereafter temporarily closed in Jan., 1977.
6.	Kharkhoda . . .	1963-64	Non-availability of milk.	
7.	Sampal . . .	December, 1962	Only building was constructed. No machinery was installed due to non-availability of milk.	

On the basis of the recommendations of the Committee of Officers, the plant and equipments of closed chilling centres indicated above were utilised by shifting the major plant and equipment at M.C. & G.C. Kama, Mathura and Bikaner. D.M.S. received and chilled substantial quantities of milk at these new Chilling Centres without buying any new equipment and thereby saved substantial amount involved in buying new equipments. Besides, the above important equipment, compressors, boiler, can washer, cooling tower etc. had also been shifted from these closed chilling centres to the functioning chilling centres where these equipments had become unserviceable.

[Ministry of Agriculture & Irrigation (Deptt. of Agriculture)
O.M. No. 2-55/77-LD. I, dated 31.7.78]

Recommendation

The Committee are surprised to find that Government have not worked out the economics of the various milk collection and chilling centres set up by the Delhi Milk Scheme. In the absence of such an exercise the Committee are unable to understand how the Delhi Milk Scheme ensured that the centres were functioning in the best financial interest of Government. In fact, the Committee note that except milk collection and chilling centre at Mathura, all other centres were working far below their installed capacity. The maximum and minimum utilisation of some centres during 1976-77 has been below economic level. These cases are of (i) Massuri (51 per cent and 10 per cent), (ii) Niwar (18 per cent and 8 per cent), Pilona (49 per cent and 8 per cent) and Sardhana (52 per cent and 16 per cent). In view of the fact that a number of milk collection and chilling centres had to be closed down in the past due to their uneconomic operation, the Committee desire that Government should work out economics of all the centres without any loss of time and take timely action to improve their working where necessary. It is also proper that Government should clearly lay down policy about location and running centres in consultation with the State authorities and others concerned.

[S. No. 40 (Para 4.25) of Appendix III to 46th Report
(6th Lok Sabha)]

Action Taken

The milk collection at any particular centre depends on the pricing policy and the competitive claims from other buyers. D.M.S. has been facing this problem for several years and the private contractor is always at an advantageous position *vis-a-vis* D.M.S. with regard to the prices as it does not have to maintain any strict standards about the quality. Moreover, he can fluctuate his prices in the field without making any reference to anybody. Whereas in a Government organisation price has to be fixed

for a certain period and the field staff have to maintain the prices. Although D.M.S. has not fixed any economic levels for the functioning of various chilling centres but from experience it has been taking administrative actions from time to time to close down those chilling centres where procurement falls below the certain level. During summer, it is generally a phenomenon that availability of milk falls down considerably. DMS possibly closes down Centres during summer as there is no other source of supply and will have to bear very high cost of over-heads during this period. However, DMS is making an attempt to fix some economic norms for the functioning of these chilling centres. Moreover, since DMS has now decided to ultimately procure milk from the cooperatives only, this problem will be solved automatically. Till such time, as DMS switches over to the cooperatives completely for raw-milk requirements, the observations of the Committee will be kept in view and efforts made to fix the economic norms as suggested.

[Ministry of Agriculture & Irrigation (Deptt. of Agriculture)
O.M. No. 2-55/77-LD. I, dated 31.7.78]

Recommendation

The Committee are perturbed over the increasing trend in sourage of milk as they note that it has increased from 26.98 lakh litres in 1971-72 to 58.52 lakh litres in 1975-76. The reasons adduced for the sourage of milk are prolonged interruptions in power supply at milk collection and chilling centres and break-down of vehicles etc. The Committee note that the Delhi Milk Scheme has since taken remedial measures in this regard by providing generators in all the Centres and additional milk tankers for transportation of milk to the Central Dairy. Since sourage of milk reduces to that extent the availability of pasteurised milk, the Committee need hardly emphasise that concerted measures should be taken to ensure that the percentage of sourage of milk with reference to the total procurement is kept to the minimum or at least to the norms which may be determined on the basis of past experience of normal years.

[S. No. 41 (Para 4.39) of Appendix III to 46th Report (6th Lok Sabha)].

Action Taken

The recommendations of the Committee have been noted and all possible efforts are being made to reduce the incidence of sourage. In fact, it has been already laid down that not more than 10% of the total supplies as may be accepted sourage from the Co-operatives of Rajasthan and U.P.

[Ministry of Agriculture & Irrigation (Deptt. of Agriculture)
O.M. No. 2-55/77-LD.I, dated 31-7-78].

Recommendation

The Committee are distressed to note that on account of inadequate capacity of handling of sour skimmed milk (milk left after separating the fat for production of ghee), the Delhi Milk Scheme had to sell 6.57 lakh litres of sour skimmed milk in 1973-74 and 22.23 lakh litres in 1974-75 and 36.73 lakh litres in 1975-76 to outside parties according to contracts entered with them. Since the sale of butter milk powder fetches a higher price than sour skimmed milk, it is but proper that the Ministry should examine the feasibility of acquiring additional capacity for milk drying so that more sour skimmed milk is converted into butter milk powder. The Committee would like to be informed of the action taken in this behalf.

[S. No. 42 (Para 4.38) of Appendix III to 46th Report (6th Lok Sabha)].

Action Taken

The incidence of sourage has decreased considerably during the last 2 years and D.M.S. was not required to sell any sour skimmed milk during these years. Any such problem is not anticipated in the future, as DMS has the required capacity to handle sour milk and it is within its capacity for processing and converting it into Butter Milk Powder.

[Ministry of Agriculture & Irrigation (Deptt. of Agriculture)
O.M. No. 2-55/77-LD.I, dated 31-7-78].

Recommendation

The Committee would like to point out that one of the Dairies M/s. Dalmia Dairies Bharatpur have increased the intake of sour skimmed milk by nearly 9 times in 1975-76 as compared to 1974-75. The Committee would like the Ministry/Delhi Milk Scheme to find out as to how this and other processing Dairies who purchase sour skimmed milk are able to utilise it to economic advantage with a view to see whether by providing some additional/balancing equipment the Delhi Milk Scheme could not utilise the entire or at least the bulk of sour milk for processing, thus cutting down on the losses.

[S. No. 43 (Para 4.39) of Appendix III to 46th Report (6th Lok Sabha)].

Action Taken

D.M.S. is primarily a fluid milk dairy. It is not though desirable to handle sour milk alongwith good milk, but whenever some quantity of

milk gets sour, it is converted into casein for which adequate arrangements exist in the D.M.S.

[Ministry of Agriculture & Irrigation (Deptt. of Agriculture)
O.M. No. 2-55/77-LD.I, dated 31-7-78].

Recommendation

It is not clear to the Committee as to how sour milk is purchased by the Delhi Milk Scheme specially when it has been stated that there is not enough capacity available to handle even the milk which turns sour either in the process of collection or transport. This aspect needs to be gone into with a view to see that sour milk is not purchased unless it is absolutely essential and economic to do so in the overall interest of the plant.

[S. No. 44 (Para 4.40) of Appendix III to 46th Report (6th Lok Sabha)].

Action Taken

It is true that the D.M.S. should not buy any sour milk, but taking into account the practical difficulties involved in the business of procurement of milk, purchase of sour milk upto a certain extent becomes absolutely essential, as otherwise the supplier may lose the sour milk and it will be national loss if it is not processed in the Dairy which has the facility to process the sour milk. In fact, this is a universal problem, and all dairies have to face this problem in the country. By constant efforts, one can only reduce the percentage of sourage which has always been attempted. In fact, during the last 2 years, the total sour milk received by D.M.S. is well below 10% for which there is capacity to handle. Now we have switched over to the Cooperatives for a major portion of our requirement of milk supplies and we have been insisting on limiting the sourage within the limits of 10%.

[Ministry of Agriculture & Irrigation (Deptt. of Agriculture)
O.M. No. 2-55/77-LD.I, dated 31-7-78].

Recommendation

The Committee are also perturbed to find that the losses of fat and milk in transit from Bikaner Centre to the Central Dairy were much higher than those sustained in other Centres. The average loss of fat in transit from Bikaner Centre was as high as 4.47 per cent in 1972-73 compared to 0.79 per cent from other Centres. Similarly, the average loss of milk in transit from Bikaner Centre was 2.12 per cent in 1972-73 while the average loss of milk in transit from other Centres was 0.14 per cent. This clearly indicates the uneconomic working of the Centre then. Losses of fat and milk

had, in fact, occurred earlier also and this Committee in their 6th Report (Fifth Lok Sabha) (1971-72) had stressed the need for conducting an investigation of the circumstances leading to the extraordinary losses in transit during 1968-69. No worthwhile action appears to have been taken by the Ministry in this regard. However, in January 1972, a Committee of Officers was appointed by the Chairman, Delhi Milk Scheme, to probe into the losses of milk in transit from Bikaner Centre. This Committee of Officers had very adversely commented upon the functioning of the Bikaner Centre including the role of the officers responsible for the execution of the job. The Committee are surprised that though the report was submitted by the Committee of Officers in August 1975 till now no conclusive action appears to have been taken in pursuance of the observation made by it.

So far the concerned officers have only been asked to furnish the necessary explanations/clarifications. The Committee would like the Ministry/Delhi Milk Scheme to finalise all actions on the report without loss of further time and apprise this Committee of it together with the steps taken to avoid recurrence of such situations in future.

[S. No. 46 (Para 4.83) of Appendix III to 46th Report (6th Lok Sabha)]

Action Taken

D.M.S. is not procuring any milk departmentally from Bikaner w.e.f. 10-9-76. In fact, the scheme is not having any departmental procurement in Rajasthan at all, and the entire milk from Rajasthan is being supplied through Rajasthan milk cooperatives. However, milk is being processed departmentally from some parts of U.P., Union Territory of Delhi and Haryana. Fat losses and milk lost during transit from Chilling Centres to the Central Dairy are well within the norms fixed, and whenever such norms are exceeded at any Chilling Centre necessary action is being taken against the concerned officials. Norms fixed for such losses are as follows:—

- A. Fat losses 1%
- B. SNF losses upto 30 qtls=0.75%
 31 qtls to 100 qtls=0.50%
 101 qtls to 250 qtls=0.30%

These norms are under constant review, and attempts are being made to revise these norms to lower limit to further minimise losses.

[Ministry of Agriculture & Irrigation (Deptt. of Agriculture) O.M. No. 2-55/77-LD. I, dated 31-7-78]

Recommendation

To their great surprise the Committee have learnt from a note furnished by the Ministry of Agriculture and Irrigation (Department of Agriculture) on 7 May, 1977 that the Bikaner Centre had been closed since 9 Septem-

ber, 1976 as during the course of evidence no indication about the likely closure of the Centre was given by the representatives of the Ministry and the Delhi Milk Scheme. What has surprised the Committee more is the fact that the closure of the Centre has come at a time when it had shown some improvement in the procurement of milk which had picked up from 47.82 lakhs litres in 1974-75 to 64.33 lakh litres in 1975-76 and the average loss of milk and fat in transit had gone down to 1.01 per cent and 2.78 per cent respectively. The Committee would, like to be apprised of the imperative reasons which prompted the Government to close down the Bikaner Centre and the alternate arrangements made in this regard.

[S. No. 47 (Para 4.84) of Appendix III to 46th Report
(6th Lok Sabha)]

Action Taken

The departmental procurement which was the only source of supply to D.M.S. initially had to be gradually replaced by the milk supplied by various milk cooperatives in the milk shed areas of D.M.S. The Rajasthan milk cooperatives started supplying milk to the D.M.S. w.e.f. 1st April, 1974, and as and when they went on strengthening their field organisations, D.M.S. was asked to withdraw from those areas gradually. It is under these circumstances that D.M.S. had withdrawn departmental procurement from Bikaner w.e.f. 10-9-76. In fact, DMS has now withdrawn from all areas of Rajasthan, and Rajasthan milk cooperatives have been supplying the D.M.S. reasonable quantities of milk from areas DMS has withdrawn. Similarly, U.P. cooperatives have also been pressing DMS to withdraw departmental procurement from U.P. area, but so far performance of U.P. cooperatives in supplying reasonable quantities of milk to DMS has not been very satisfactory. However, DMS may ultimately have to withdraw departmental procurement even from U.P. as and when U.P. Cooperatives are in a position to supply DMS much adequate quantities of milk.

[Ministry of Agriculture and Irrigation (Department of Agriculture)
O.M. No. 2-55/77-LD.I, dated 31-7-78]

Recommendation

The Committee are perturbed to find that loss of fat and milk in processing at the Central Dairy had been much more than the norms fixed by the Delhi Milk Scheme. It is noted that the actual percentage of loss of fat in excess of the norms was 3.8 per cent in April to September and 4.6 per cent in October to March in 1970-71, 4.5 per cent in 1971-72 and 4.8 per cent in 1972-73. The reasons for the increase in the fat losses as explained by the Delhi Milk Scheme are; (i) increased use of butter oil for reconstitution of milk on account of decline in availability of raw-milk; (ii) progressive decline in the condition and performance of milk handling

machinery; (iii) leakage of butter oil from tins during transportation; and (iv) sticking of butter oil to the side of tins while pouring out in the hoppers.

[S. No. 51 (Para 4.88) of Appendix III to 46th Report (6th Lok Sabha)]

Action Taken

No comments are needed.

[Ministry of Agriculture and Irrigation (Department of Agriculture)
O.M. No. 2-55/77-LD.I, dated 31-7-78]

Recommendation

The Committee had been informed during evidence that despite taking a number of measures, such as replacement of plant and machinery, better handling of butter oil in consultation with the National Dairy Development Board, daily checks at village level and cross-checks at headquarters, import of flow-metres to give an actual idea of fat etc., losses, continued to occur and the National Dairy Research Institute is carrying certain trials and are working on the problem. The Committee feel that National Dairy Research Institute should have been asked to thoroughly investigate and suggest remedial measures in this regard. The Committee would like the Ministries/Delhi Milk Scheme to place before NDRI all the facts and figures leading to loss of fat and milk in various stages of processing so that the problem is studied thoroughly and suitable solution found without further delay. The Committee hope that after the problem is resolved, necessary guidelines would be laid down for application of the results of study. The Committee would like to be informed of the necessary steps taken in this regard so as to reduce losses both in fat and milk, to the minimum.

[S. No. 53 (Para 4.90) of Appendix III to 46th Report (6th Lok Sabha)]

Action Taken

The entire question of fat and snf losses in the Central Dairy has been examined by officers of DMS who has visited some other dairies in the country like Calcutta, Bombay, Anand in this regard. DMS is in the process of finalising the norms of such losses in the Central Dairy on the basis of experience in D.M.S. as well as the experience of the above mentioned dairies in the country. DMS is also requesting the NDDDB to study its problems and suggest various measures to keep these losses to the minimum, also to suggest norms for such losses. It is felt that NDDDB will be a better agency to approach than the NDRI for this purpose.

[Ministry of Agriculture and Irrigation (Department of Agriculture)
O.M. No. 2-55/77-LD.I, dated 31-7-78]

Recommendation

The Committee are unhappy to note that the maintenance of fat utilisation account has been dispensed with from December, 1973 on account of paucity of staff. The Committee do not accept this plea and would like to stress that since the compilation of this important data helps in determining the quality of milk, it is imperative that this should be maintained properly and regularly.

[S. No. 54 (Para 4.91) of Appendix III to 46th Report (6th Lok Sabha)]

Action Taken

The suggestion of the Committee has since been implemented, and data regarding fat utilisation are being maintained w.e.f. July, 1975.

[Ministry of Agriculture and Irrigation (Department of Agriculture)
O.M. No. 2-55/77-LD.I, dated 31-7-78]

Recommendation

The Committee are perturbed to note that against the norm of 1 per cent of breakage of bottles, the actual breakage of bottles has been constantly in excess of the norms and showed a rising trend in 1970-71 onwards. It is noted that the percentage of breakage in excess of norm has progressively risen from 0.08 per cent in 1970-71 to 0.65 per cent in 1974-75. The reasons for breakage of bottles are stated to be progressive decline in the condition and performance of bottling plant and equipment, unsatisfactory condition of flooring, careless handling by the workers malpractices, pilferages etc. Since the breakage of bottles has been both inside the Dairy and enroute to and from Depots, the Committee would like the Delhi Milk Scheme authorities to maintain separate figures for breakages of bottles both at the Dairy and Depot levels so that the losses are analysed for suitable remedial measures. The Committee also desire that separate and revised norms may be fixed for breakages during both these processes in the light of past experience.

[S. No. 55 (Para 4.92) of Appendix III to 46th Report (6th Lok Sabha)]

Action Taken

DMS is maintaining separate figures for breakage of bottles both at Dairy and outside the Dairy as suggested by the Committee. It is also currently engaged in an exercise to fix norms for breakages during both these processes, and it is hoped to finalise these norms shortly.

[Ministry of Agriculture and Irrigation (Department of Agriculture)
O.M. No. 2-55/77-LD.I, dated 31-7-78]

Recommendation

The Committee note that average consumption of steam coal, chlorine and caustic soda varied widely during 1969-70 to 1973-74. No satisfactory explanation had been advanced for this variation. The Committee desire that a thorough study should be made regarding utilisation of these items and norms fixed by the Delhi Milk Scheme at the earliest in consultation with experts. The Committee need hardly emphasise that all out efforts should be made to effect economy and savings in the consumption of steam coal, chlorine and caustic soda so as to reduce losses.

[S. No. 56 (Para 4.99) of Appendix III to 46th Report (6th Lok Sabha)]

Action Taken

DMS is planning to undertake renovation programme for all the equipment and machinery installed in the Central Dairy in D.M.S. The original and other leading manufacturers have been invited to study equipment and machinery, and suggest various measures which should be undertaken to renovate equipment and machinery. These manufacturers have also been requested to advise on the ways to minimise the use of steam-coal, caustic soda, electric power, water and various other items. However, as suggested by the Committee, DMS is also requesting NDDB to study these problems in addition to the other problems mentioned in para 4.90.

[Ministry of Agriculture and Irrigation (Department of Agriculture)
O.M. No. 2-55/77-LD.I, dated 31-7-78]

Recommendation

The Committee regret that Government/Delhi Milk Scheme have not maintained statistics regarding average consumption of steam coal, chlorine and caustic soda from 1974-75 onwards. Since such statistics are vital for ascertaining the rate of consumption of these articles over a given number of units as also for the purpose of provisioning of their supply etc., it is suggested that such statistics may be maintained.

[S. No. 57 (Para 4.100) of Appendix III to 46th Report (6th Lok Sabha)]

Action Taken

The recommendations of the committee have been implemented and DMS is now maintaining statistics regarding consumption of steam-coal, chlorine and caustic soda over a given number of units in the Central Dairy.

[Ministry of Agriculture and Irrigation (Department of Agriculture)
O.M. No. 2-55/77-LD.I, dated 31-7-78].

Recommendation

The Committee have been informed that the Government have under consideration the various systems of distribution of milk, viz (i) Polythelene pouches and (ii) Tetra Pak, which are at present in vogue in most of the advanced countries. In India, Tetra Pak system is not in vogue anywhere at present. The Polythelene Pouch system is, however, being tried in Madras and Bombay. In this connection, the Committee on Public Undertakings have already recommended in their 83rd Report (Fifth Lok Sabha—April, 1976) that “the proposal to market Tetra Pak milk along with other systems of marketing milk which, it is stated, will increase the shelf life of milk and open city markets all over the country to the rural produced milk, deserve a second look. They suggest that the proposal may be studied again in depth and its economics, utility and consumer acceptability evaluated with a view to arriving at an early decision in the long range and the larger interests of the producers and consumers of milk.” Regarding action taken on the above recommendation the Committee have been informed by the representative of Government during evidence that “we have gone into the techno-economic aspects of the three distribution systems and we have come to the conclusion that this proposal (Tetra Pak system) must be revived and we are doing our best to have it processed quickly.” The Committee hope that a decision in the matter would be taken without loss of further time.

[S. No. 59 (Para 5.43) of Appendix III to 46th Report
(6th Lok Sabha)]

Action Taken

A decision to introduce Tetra Pak in the country has been taken. In this connection, the proposal of the Indian Dairy Corporation to set up a Paper Lamination Plant for use in Tetra Pak system has been approved by the Government.

[Ministry of Agriculture and Irrigation (Department of Agriculture)
O.M. No. 2-55/77-LD.I, dated 31-7-78]

Recommendation

The Committee would also like the Government to examine whether instead of introducing one flat system in the whole city, it would not be better to introduced different systems, in the first instance, taking into account the overall preference of the people in each locality/area. The Committee on Public Undertakings in their above report have also urged that whatever system is chosen for any locality, it should be operable at the maximum of efficiency with the minimum of overheads so that milk of good quality is available to the common man at the most competitive prices

[S. No. 60 (Para 5.44) of Appendix III to 46th Report
(6th Lok Sabha)]

Action Taken

At present, Delhi Milk Scheme is distributing milk in bottles and in bulk in cans. The latter system is adopted for supply to bulk institutions like hospitals, schools, canteens, military units, etc. Additionally, the Mother Dairy, Delhi is supplying milk through vending booths and in polythylene pouches. The fat contents of milks as also their prices sold through the different system vary to suit consumer preference.

[Ministry of Agriculture and Irrigation (Department of Agriculture)
O. M. No. 2-55/77-LD. I, dated 31-7-78]

Recommendation

The Committee note that about 1000 to 1200 bottles are returned by the depots unsold every day and that in this process the milk turns sour and has to be converted into a product as otherwise it would result in loss of fat. The Committee would urge that a depot-wise record may be maintained of the bottles returned unsold by the depots daily so that the position is reviewed every week and future supplies are made to the depots on the basis of an average number of bottles, issued during the previous week.

[S. No. 61 (Para 5.45) of Appendix III to 46th Report (6th Lok Sabha)].

Action Taken

The returns of milk bottles from the milk depots is watched daily and in case the return of unsold bottles continues for 3 days at a particular milk depot, the supply of milk is reduced proportionately.

[Ministry of Agriculture & Irrigation (Deptt. of Agriculture)
O. M. No. 2-55/77-LD. I, dated 31-7-78]

Recommendation

The Committee are distressed to note that no proper and up-to-date record was maintained of the total number of live tokens depot-wise, nor was any exercise made upto October 1973 to assess the number of tokens presented for drawal of milk so as to determine the requirement of milk for each depot in the context of over all supply. The wide disparity between the two sets of figures is evident from the fact that the total number of tokens issued by Delhi Milk Scheme was 4,49,860 upto 31st March, 1972, 4,59,201 upto 31st March 1973 and 4,63,944 upto 31st March, 1974, but the survey conducted in August/September 1973 and October 1974 placed the number of tokens in circulation at 2,92,778 and 2,70,052 respectively.

[S. No. 62 (Para 5.46) of Appendix III to 46th Report (6th Lok Sabha)].

Action Taken

The number of tokens that are actually presented at the Milk Depots vary, not only from season to season, but also from day to day, as many customers do not draw milk every day for one reason or the other. During the census surveys, the actual number of tokens presented at the depots are counted and as such all the tokens wanted are not presented on the days on which the census is taken cannot be taken into account.

From October, 1973 onwards an elaborate & intensive drive has been carried to cross-check all the milk tokens with ration cards and other authentic documents, as a result of which, a number of tokens were seized/cancelled further, with the reserialisation of the tokens, fake tokens have been cancelled. This has also resulted in variation in actual number of tokens in circulation.

[Ministry of Agriculture & Irrigation (Deptt. of Agriculture)
O. M. No. 2-55/77-LD. I, dated 31-7-78]

Recommendation

The Committee note that for issue of milk tokens there are already 1,20,249 applications pending with the Delhi Milk Scheme as on 31st March, 1976. Whereas the oldest applications pending in the general category relate to November 1969, the applications pending in other categories are as old as November 1971/March 1972. No review of the applications has been carried out since February, 1972. The Committee suggest that while issuing milk tokens, the requirements of at least those of the applicants who are not in possession of any token so far and who belong to weaker sections of the society should be borne in mind.

[S. No. 63 (Para 5.47) of Appendix III to 46th Report
(6th Lok Sabha)]

Action Taken

The applications pending on the waiting list for the issue of milk tokens upto March, 1977 have already been finalised and tokens were issued to those who were not in possession of milk tokens in any shift.

[Ministry of Agriculture & Irrigation (Deptt. of Agriculture)
O. M. No. 2-55/77-LD. I, dated 31-7-78]

Recommendation

The Committee note that with effect from December 1974 a depot-wise register indicating the changes in the quota of supply on account of issue of new tokens has been introduced. They trust that a suitable procedure would be evolved to ensure that these registers are maintained

properly and are scrutinised frequently by senior officials, who should sign the registers after perusal and scrutiny.

[S. No. 64 (Para 5.48) of Appendix III to 46th Report of P.C.A. (6th Lok Sabha)]

Action Taken

The register showing the changes to be effected in the quota of the supply on the issue of milk to them is being kept properly and is regularly scrutinised.

[Ministry of Agriculture & Irrigation (Deptt. of Agriculture)
O. M. No. 2-55/77-LD. I, dated 31-7-78]

Recommendation

The Committee are distressed to learn during evidence that Scheme had detected some cases where the milk was found to have been sold at a premium of 25 to 30 paise a bottle and that in such cases tokens were cancelled and the depot staff removed from service. The Committee need hardly emphasise that systematic measures may be taken to improve the working of the depots so as to ensure that the distribution of milk right from the stage the bottles leave the Central Dairy to the stage of their final distribution at the depots is free from taint of any malpractice.

[S. No. 65 (Para 5.49) of Appendix III to 46th Report (6th Lok Sabha)].

Action Taken

The sealing of the milk tokens in the Home Delivery system has been suspended w.e.f. 1-8-76 as DMS has no control over the Home Delivery Agents and numerous complaints were being received about the malpractices on their part. This has however been curbed to a great extent by checking all the Home Delivery Lists with Ration Cards, as a result of which tokens for a quantity of 22000 litres have been cancelled and supply reduced.

[Ministry of Agriculture & Irrigation (Deptt. of Agriculture)
O. M. No. 2-55/77-LD. I, dated 31-7-78]

Recommendation

The Committee have been informed that there are 30 to 40 problem depots where the anti-social elements are active. The Committee are happy to note that with the formation of Advisory Committees of the representatives of the token holders the position has stabilised and the various problems in a large number of depots have been solved. The Committee would, however like to impress that field officers and other senior officials of the

Scheme should pay visits more frequently to such depots and enlist the active assistance of the Advisory Committees for better distribution of milk and nipping all irregular practices in the bud.

{S. No. 66 (Para 5.50) of Appendix III to 46th Report of P.A.C. (6th Lok Sabha)}].

Action Taken

The Field Officers with the help of the depot Advisory Committees are able to regulate the proper distribution of milk.

[Ministry of Agri. & Irrigation (Deptt. of Agriculture) O.M. No. 2-55/77-LD. I dated 31.7.78].

Recommendation

The Committee are concerned over the increasing trend of complaints received by Delhi Milk Scheme. They note that the number of complaints has increased from 843 in 1969-70 to 2131 in 1975-76, though it has slightly come down to 2019 in 1976-77. The Committee consider that the number of complaints would be much more as it is well known that most persons do not go the extent of formally recording a complaint in writing. The complaints broadly relate to non-supply of milk to token holders, unauthorised supply of milk to non-token holders, late opening and early closure of depots, rude behaviour, black marketing, back door supply, change of seals of milk bottles, non-returning of balance money, etc. What has surprised the Committee more is the fact that in spite of such a large number of registered complaints, no effective procedure appears to have been evolved to deal with them systematically or conclusively.

{S. No. 71 (Para 5.51) of Appendix III to 46th Report (6th Lok Sabha)}].

Action Taken

The complaints received from the public are properly dealt with and action is taken against the defaulting depot staff.

[Ministry of Agri. & Irrigation (Deptt. of Agriculture) O.M. No. 2-55/77-LD. I dated 31.7.78].

Recommendation

What has distressed the Committee more is the fact that the Delhi Milk Scheme has to compile data with them relating to total route-kilometers involved, route-kilometers required to be performed per van, number of depots to be served per van and the actual deployment of vans. The Committee are unable to understand as to how in the absence of these vital details, the Scheme is able to keep a careful watch on deployment of the

vehicles to the best interests of the Undertaking and keep an effective check on the operational and maintenance cost of the vehicles. The Committee would like this matter to be gone into in depth by the Scheme/Ministry with a view to provide institutional checks on the operational and maintenance cost of the vehicles, and to take effective measures for their optimum utilisation. The Committee would like to be informed of the concrete measures taken in pursuance of these recommendations within six months.

[S. No. 73 (Para 5.57) of Appendix III to 46th Report (6th Lok Sabha)].

Action Taken

The observation made by PAC is noted. In fact, DMS has already got a compiled data with effect from May, 1978 with regard to route Km involved and route Km required to be performed per Van besides the number of depots that each van is required to serve. DMS is constantly reviewing this data because it has to adjust various depots from time to time in each route depending upon the increase/decrease in workload for each depot. It is also conscious of providing institutional checks in operation and maintenance cost of the vehicles besides the optimum utilisation of each vehicle. In fact, it has associated the manufactures of the vehicles in this regard, and a team of engineers from TELCO and Ashok Layland are studying the problems, and they are likely to give their recommendations shortly in this regard. All efforts are being made and will also be made to implement the suggestions of the committee. DMS will also constantly review if any additional measures are also to be taken in the light of our experience. DMS is finalising the institutional checks which should be taken, and the same are likely to be implemented by the middle of July, 1978.

[Ministry of Agri. & Irrigation (Deptt. of Agriculture) O.M. No. 2-55/77-LD. I dated 31.7.78].

Recommendation

The Committee find that the estimated cost of production of milk has risen year after year as compared to its sale price. They note that standardised milk (5 per cent fat) was sold upto 9 October 1971 at 116 paise per litre as against estimated production cost of 119.20 paise per litre. Similarly, toned milk (3 per cent fat) was sold at 84 paise per litre against estimated production cost of 99.65 paise per litre in 1972-73. Double toned milk (1.5 per cent fat) is being sold with effect from 5 November 1973 at 70 paise per litre as against estimated production cost of 86.02 paise per litre in 1972-73, 109.29 paise per litre in 1973-74 and 128.96 paise per litre in 1974-75. Similarly, special toned milk (3.5 per cent fat) is at present on sale at 130 paise per litre against its estimated production cost

of 153.49 paise per litre in 1974-75. The Committee are however surprised to note the alarming increase in the estimated cost of production (including cost of procurement) of milk during 1976-77, as they find that these costs have increased to Rs. 180.84, 154.48, 190.91 per litre of toned milk, double toned milk, special toned milk respectively. As has been appointed out by Audit, the selling prices of various types of milk fixed in February 1969 had not been revised by Government in the interest of consumers till 5 November 1973 except for a marginal reduction of 0.5 per cent in the fat content of standardised milk in October 1971. The Committee find that even the prices that were fixed in November 1973 were on the basis of estimated and not actual cost of production.

[S. No. 74 (Para 5.68) of Appendix III to 46th Report (6th Lok Sabha)].

Action Taken

No doubt actual cost of milk and milk products is not being worked out by D.M.S. but the estimated cost is worked out on the basis of latest available proforma accounts, budget for the relevant years and trends of income and expenditure items. Periodical review of the estimated cost is also made after taking into consideration the prices of various inputs such raw milk, S.M.P. & B.O. The fat loss in process is now being taken as 2 per cent.

[Ministry of Agri. & Irrigation (Deptt. of Agriculture) O.M. No. 2-55/77-LD. I, dated 31.7.78].

Recommendation

The Committee are distressed to note from the observations of the Audit that in the absence of compilation of actual cost for each grade of milk and milk products, the authenticity of the estimated cost adopted as the basis for fixation of sale price could not be verified. It was also noticed by the Audit that the estimated cost compiled by the Schemes was underestimated on account of the fact that (i) no periodical review of the estimated cost was made in the light of procurement prices of raw material which showed continuously an upward trend, and (ii) the fat loss in process was taken at 1 per cent whereas the norm fixed was 2 per cent and the actual loss was still higher.

[S. No. 75 (Para 5.69) of Appendix III to 46th Report (6th Lok Sabha)].

Action Taken

No doubt, exact cost of milk and milk products is not being worked out by D.M.S., but the estimated cost is worked out on the basis of latest available proforma accounts, actual trend of expenditure of the concerned

ingredients. Further, it would be relevant to mention that periodical review of the estimated cost is also being undertaken after taking into consideration escalation of prices of various inputs such as raw milk, skimmed milk powder and butteroil as and when it arises. The prices of toned milk, ghee and butter were accordingly revised upward w.e.f. 2nd May 1978, 3rd November, 1977 and 3rd March, 1978 respectively.

While compiling the estimated cost of both milk and milk products, the base factor of fat loss in process has since been revised and is being adopted at the rate of 2 per cent, which is the standard and fixed norm, instead of 1 per cent, which was being followed earlier.

[Ministry of Agri. & Irrigation (Deptt. of Agriculture) O.M. No. 2-55/77-LD. I dated 31.7.78].

Recommendation

The Committee regret to note from the Audit Para that although the Delhi Milk Scheme has a Cost Accounts Branch, preparation of Cost Sheets was discontinued from 1969-70 and instead, estimated cost is being compiled since then after taking into account ad hoc increases over the cost for 1968-69. The Committee would like the Government to investigate as to why the preparation of Cost Sheets was discontinued and how in the absence of compilation of actual cost for each grade of milk and milk products, the Delhi Milk Scheme are in a position to fix the sale prices of milk and milk products. The Committee feel that costing is particularly necessary for ghee, and other dairy products, like Ice cream, Butter etc., and that there should be no occasion for loss in their production. The Committee would like to have a detailed explanation for the lapses and the remedial action that is contemplated.

[S. No. 76 (Para 5.70) of Appendix III to 46th Report (6th Lok Sabha)].

Action Taken

The cost sheet from 1969-70 could not be compiled as the accounts for the year 1969-70 had to be revised and were certified as late as 2/72. This resulted in late preparation and late certification of the later year's accounts. No useful purpose would have been served in case the cost sheets would have been compiled after the certification of accounts as their compilation would have been of historical importance only. DMS has of course been preparing cost sheets from 1973-74 onwards in respect of procurement, processing distribution and administration overheads based on the proforma accounts of DMS for the relevant years but the detailed working could not be made for reasons stated above. DMS has now been able to compile the Proforma Accounts for the year 1976-77 well in time and it is expected that the detailed cost sheet for the year 1976-77 will be submitted to audit.

Further, it may be mentioned that a detailed procedure of cost accounting system has since been drawn up in the shape of cost manual and the question of implementation of the same is under active consideration by DMS. The revised and fool-proof costing system, it is expected, would be introduced in course of next few months.

[Ministry of Agri. & Irrigation (Deptt. of Agriculture) O.M. No. 2-55/77-LD. I dated 31.7.78].

Recommendation

The Committee have been informed during evidence that there was a proposal to revise the sale price of milk in May, 1974 but nothing was done in this direction as Government felt that any increase in the price of milk would create a chain reaction resulting in all-round increase in the price of all items of milk and milk products. Instead, the fat content of special toned milk, which is the main supply to consumers, was decreased from 3.5 per cent to 3 per cent to meet part of the losses incurred by the Delhi Milk Scheme. The Committee note that in spite of that, the estimated cost of production of special toned milk increased from 130.06 paise per litre in 1973-74 to 153.49 paise per litre as against the sale price of 130 paise per litre in 1974-75. The Committee desire that the whole question of fixation prices of milk may be examined thoroughly so as to analyse the reasons for the increase in the cost of processing and distribution of milk and take remedial measures to minimise them.

[S. No. 79 (Para 5.73) of Appendix III to 46th Report (6th Lok Sabha)].

Action Taken

The table below indicates the break-up of Cost during 1973-74 and 1974-75.

Particulars	PAID P. LT.		
	1973-74	1974-75	%age increase in 1974-75 over 1973-74
Processing	10.08	11.83	17.36
Distribution	7.80	9.15	17.31
Other over-heads	4.47	6.50	45.41
Purchase price of milk	Rs. 130.00 per qtl.	Rs. 158.55 per qtl.	21.96

It will be seen that in 1974-75 there was an increase all round. The increase was due to heavy increase in prices on all sides. The increase in processing and distribution by about 17.36 per cent and 17.31 per cent is attributable.

Processing :

- (a) increase in laboratory charges.
- (b) increase in salaries and wages due to recommendations of 3rd. Pay Commission and grant of additional D.A.
- (c) consumable stores due to increase in cost of oil, petrol etc.

Distribution

- (a) Transport charges.
- (b) Salaries of Wages (as above).
Every effort is being made to minimise the cost.

[Ministry of Agri. & Irrigation (Deptt. of Agriculture) O.M. No. 2-55/77-LD. I dated 31.7.78].

Recommendation

The Committee are distressed to note that the Delhi Milk Scheme, which was expected to function on 'no profit no loss' basis has been incurring losses year after year since its inception except during 1969-70 and 1970-71. The cumulative loss upto 31 March, 1974 after adjusting the profits earned in 1969-70 and 1970-71 amounted to about Rs. 7.05 crores. The loss during 1974-75 and 1975-76 was Rs. 4.14 crores and Rs. 5.77 crores (subject to Audit) respectively. Though the accounts for 1976-77 are stated to be under compilation, the Committee feel that the losses during 1976-77 will be greater as compared to earlier years as the cost of production (including cost of procurement) of milk was significantly higher during this year, while the sale price of milk was stationary. Expressing anxiety over the losses, the Committee in their Sixth Report (Fifth Lok Sabha—1971-72) had hoped that with the increase in turnover and better control over expenditure, losses would be wiped off and the Scheme would be able to function on a 'no profit no loss' basis. The Committee are unhappy to point out that precious little has been done by the Government during all these years to reduce the losses. According to audit, losses were *inter alia* contributed by un-economical working of the Bikaner Centre and high percentage of loss of fat and milk in process at the Central Dairy, excessive breakage of bottle, higher incidence of cost of collection on account of under-utilisation of the capacity of a number of milk collection and chilling centres, rising trend of consumption of petrol, diesel, engine oil, steam coal, chlorine and caustic soda and idle plant and equipment. The Committee by and large have dealt with these aspects elsewhere in the report and given their recommendations.

[S. No. 80 (Para 6.24) of Appendix III to 46th Report (6th Lok Sabha)]

Action Taken

The recommendations of the Committee have been answered at appropriate place.

[Ministry of Agriculture and Irrigation (Department of Agriculture)
O.M. No. 2-55/77-LD.I, dated 31-7-78]

Recommendation

The Committee consider that the reason for the loss sustained by the Delhi Milk Scheme is due to the marked difference between procurement and sale price of milk. It has been submitted to the Committee that there has been a general increase in the idle index of all commodities over the index prevalent in June, 1969, registering an increase of 15.19 per cent in June, 1972; 38.88 in June, 1973; 78 per cent in June 1974; and 81.61 per cent in June, 1975. While in view the increase in prices as well as market trend over the years, the milk procurement rates were increased suitably from time to time to provide a remunerative return to the milk producers. The Delhi Milk Scheme has been bringing their worsening position to the notice of Government from time to time but the latter instead of moving swiftly allowed the things to drift.

[S. No. 81 (Para 6.25) of Appendix III to 46th Report (6th Lok Sabha)].

Action Taken

The price of milk supplied by DMS have since been increased w.e.f. 2-5-78 with a view to enabling the DMS to reduce losses to a great extent.

[Ministry of Agriculture and Irrigation (Department of Agriculture)
O.M. No. 2-55/77-LD-I, dated 31-7-78]

Recommendation

Another reason which accounts for a major portion of losses is the increase in the prices of skimmed milk powder. It has been stated that the increased price of the skimmed milk powder was of the order of Rs. 87 lakhs in 1973-74 and Rs. 162 lakhs in 1974-75. The Committee are of the view that unless some effective measures are taken to increase procurement of milk and reduce the expenditure on over-heads for collection and processing of milk, it may not be possible to reduce the losses to an appreciable extent. The Committee, therefore, would like to urge that all out efforts should be made to tap more sources for the procurement of milk at most reasonable costs.

[S. No. 82 (Para 6.26) of Appendix III to 46th Report (6th Lok Sabha)]

Action Taken

The recommendations of the Committee are noted. All out efforts are being made to reduce the expenditure on the overheads.

[Ministry of Agriculture & Irrigation (Deptt. of Agriculture)
O.M. No. 2-55/77-LD-I, dated 31-7-78]

Recommendation

The Committee note that the Delhi Milk Scheme had incurred a loss of Rs. 83.99 lakhs in 1972-73. While the incidence of increase in the price of raw milk and skimmed milk powder in 1972-73 over 1971-72 amounted to Rs. 30.83 lakhs the incremental impact of higher incidence of wages and services had not been quantified.

[S. No. 84 (Para 6.28) of Appendix III to 46th Report (6th Lok Sabha)]

Action Taken

The incremental impact of higher wages and services in 1972-73 over 1971-72 amounted to Rs. 5.08 lacs.

[Ministry of Agriculture and Irrigation (Department of Agriculture)
O.M. No. 2-55/77-LD-I, dated 31-7-78]

Recommendation

Similarly, the Committee find that the savings effected by the discontinuance of supply of standard milk at the rate of Rs. 1.16 per litre with 4.5 per cent fat content with effect from 5 November 1973, and introduction of special toned milk at the rate of Rs. 1.30 per litre with 3.5 per cent fat content later reduced to 3 per cent has not been quantified. The Committee need hardly point out that Government should have carefully worked out the financial implications of reducing the fat contents in two stages and kept a careful watch to see the extent to which this had actually helped in reducing the losses.

[S. No. 85 (Para 6.29) of Appendix III to 46th Report (6th Lok Sabha)]

Action Taken

D.M.S. was distributing the following types of milk upto 4th November, 1973.

(i) <i>Standardised milk</i>	S. P.
Fat content	<hr/>
4.5%	1.16 paise per litre.
(ii) <i>Cow-Milk</i>	S. P.
Fat content 4%	<hr/>
	1.16 paise. per litre.
(iii) <i>Toned milk</i>	S.P.
Fat content. 3%	<hr/>
	Rs. 0.84 paise per litre.

The above varieties of milk were discontinued w.e.f. 5-11-73 and in their place special toned milk containing 3.5 per cent fat was introduced and its selling price was fixed at Rs. 1.30 paise per litre. Had D.M.S. not discontinued the above three varieties of milk and introduced special toned milk containing 3.5 per cent fat in its place the estimated loss during 73-74 would have been Rs. 2.63 crores as against the actual loss of Rs. 2.21 crores, incurred as per proforma account 73-74. The fat content of special toned milk was reduced to 3 per cent w.e.f. 30th September, 1976 only and not earlier.

[Ministry of Agriculture and Irrigation (Department of Agriculture)
O.M. No. 2-55/77-LD-I, dated 31-7-78]

Recommendation

The Committee have been informed that Government have taken a number of steps to improve the efficiency of Delhi Milk Scheme in processing of milk to effect economics in cost. These steps *inter alia* include replacement of old bottling line, clarifiers/separators, stillage trucks and bottle/crates, increasing milk procurement to reduce the use of Skimmed Milk Powder, increase in production of Ghee which is more economical, reduction in overhead cost by restricting the overtime allowance, savings in consumption of fat and SNF, etc. The Committee would like the Government to take conclusive action to enforce these improvements vigorously so as to effect all possible economies consistent with maintenance of quality expected of a Government undertaking dealing with vital supplies of milk.

[S. No. 86 (Para 6.30) of Appendix III to 46th Report (6th Lok Sabha)].

Action Taken

Noted.

[Ministry of Agriculture and Irrigation (Department of Agriculture)
O.M. No. 2-55/77-LD-I, dated 31-7-78]

Recommendation

The Committee also urge that concerted measures should be taken to (i) improve procurement from the earmarked milk-shed areas, (ii) develop high-yielding cattle, (iii) improve procurement arrangements through rationalisation and economy in procurement operations.

[S. No. 87 (Para 6.31) of Appendix III to 46th Report (6th Lok Sabha)].

Action Taken

As pointed out earlier in the reply to para 4.84, DMS is withdrawing gradually its departmental procurement from various areas in the milk shed. However, the areas from where DMS are still procuring milk fall in the territorial jurisdiction of various State Governments and Union Territory

of Delhi. The respective State Governments and Delhi Administration have been taking necessary steps to develop high yielding cattle in these areas. Necessary assistance is also being provided by Government of India in this regard. However, DMS is trying to improve its procurement from the limited areas from where it is procuring now, and all efforts are being made to effect the maximum economy in procurement of milk.

[Ministry of Agriculture and Irrigation (Department of Agriculture)
O.M. No. 2-55/77-LD-I, dated 31-7-78]

Recommendation

The Committee note that five rail milk tankers requisitioned at a cost of Rs. 10.27 lakhs were originally required for carrying milk from Bikaner. Since railway siding at Patel Nagar premises of the Delhi Milk Scheme was not being provided, the Delhi Milk Scheme now intend to utilise these tankers not only for collection of milk from Bikaner but also from other centres which are linked by meter gauge railway. The Committee deplore the failure of the Ministry to establish an effective liaison with the Railway Board in the matter of the provision of the Railway siding at Patel Nagar. They feel that before awarding the contract to the Railways for the manufacture of under-frames of the tankers, the Delhi Milk Scheme should have ascertained from the Railway Board the position of provision of railway sidings facilities at Patel Nagar. The Committee note that two milk tankers which were delivered to the D.M.S. by the Railways are already in use. They hope the remaining three tankers would also be refurbished soon and put to use.

[S. No. 92 (para 8.25) of Appendix III to 46th Report (6th Lok Sabha)]

Action Taken

All the five rail milk tankers have since been commissioned.

[Ministry of Agriculture and Irrigation (Department of Agriculture)
O.M. No. 2-55/77-LD.I, dated 31-7-78]

Recommendation

The Committee are concerned to note the rising trend year after year in expenditure in the workshop maintained by Delhi Milk Scheme for repair and maintenance of the plant and equipment. They find that the expenditure has progressively risen from Rs. 3.49 lakhs in 1969-70 to Rs. 13.32 lakhs in 1975-76. The disturbing feature is that though at times there have been break-downs in some units of the plant, such as clarifiers, separators, some storage tanks and on the by-products manufacturing side, some plants like spray driers and roller driers had remained idle for repairs, the Delhi Milk Scheme had not maintained any details for such lay-offs. The Committee need hardly emphasise that complete record of the lay-offs of the plants and equipments showing the number of break-downs, total

number of man-hour lost and the losses suffered as a result thereof should be properly maintained so that the precise reasons of break-downs could be identified for conclusive action to avert their recurrence.

[S. No. 93 (Para 8.36) of Appendix III to 46th Report (6th Lok Sabha)].

Action Taken

The recommendations of the Committee are noted. Complete record of the lay-offs of the plant and equipment showing the number of breakdowns, total number of man-hours lost and the losses suffered as a result thereof, as recommended by the Committee will be maintained.

[Ministry of Agriculture and Irrigation (Department of Agriculture)
O.M. No. 2-55/77-LD.I, dated 31-7-78]

Recommendation

The Committee note that the special verification of stores of Delhi Milk Scheme conducted in October, 1970 revealed difference of Rs. 35.49 lakhs between the figures of closing stock as per general ledger and the ground balance as physically varified. They are surprised to note that this difference was not adjusted after investigation/reconciliation but was shown under the head "Stores Adjustment Account" on the liability side of the Balance Sheet as on 31st March, 1971. A further amount of Rs. 8.79 lakhs and Rs. 0.49 lakhs of which details are not known was again credited to the above head in 1971-72 and 1972-73 respectively. The Committee deplore the manner in which the accounts of the Delhi Milk Scheme a commercial organisation, were maintained all these years. Instead of taking swift action to reconcile the differences, the Authorities took recourse to the method of showing the stores, which could not be reconciled, under a head entitled "Stores Adjustment Account". The Committee agree with the observations made by the Audit that the huge credit balance in the "Stores Adjustment Account" is indicative of lack of control with regard to accountal of receipt and issue of stores.

[S. No. 100 (Para 8.51) of Appendix III to 46th Report (6th Lok Sabha)].

Action Taken

Now the reconciliation is being done as a regular feature. Regarding the clearance of stores adjustment account appearing on the liabilities side of the Balance Sheet the matter is under consideration.

[Ministry of Agriculture and Irrigation (Department of Agriculture)
O.M. No. 2-55/77-LD.I, dated 31-7-78].

Recommendation

The Report of the Team of Special Physical Verification, which examined the position of the stores in the Delhi Milk Scheme, has revealed gross irregularities in regard to the maintenance of the stores ledgers. The Team had observed that proper assets register showing the full description of assets and their location had not been maintained. Quantity balances in the stores ledgers had not been reconciled with those in accounts ledgers. According to the Team, the ledger balances could not be accepted as correct as there were numerous corrections, erasers, over-writings and interpolations, etc. Minus balances had been observed in a number of cases and discrepancy pointed out in earlier physical verification had not been adjusted. The Special Physical Verification Team had made a number of suggestions for effecting improvement in the maintenance of accounts. The more important of them related to periodical review of slow moving items and disposal of unwanted/obsolete items; classification of stores giving full description of item and part numbers, issue of proper standing instructions regarding care and maintenance of items stored; maintenance of stores kept in the open in proper enclosures under the control of storekeeper; and a three tier system of physical verification, viz. continuous verification by internal audit, monthly surprise verification by the Controller of Stores and Stores Officers and annual verification by Technical Officer nominated by the Chairman. The Committee would like to be informed about the action taken on the various suggestions/recommendations made by the Special Physical Verification Team.

[S. No. 101 (Para 8.52) of Appendix III to 46th Report (6th Lok Sabha)].

Action Taken

Priced Stores Ledger maintained in the Cost Accounts Branch are regularly being reconciled with the Stores Ledgers maintained by the Stores Branch. Most of the recommendations of the Special Physical Verification Team for improvement in the working of the Stores Organisation have been accepted.

The set up of the Store Houses has since been reorganised into viable units. Full description of items, and part numbers where applicable, are being recorded on the Stores Ledgers. Departmental codification of certain items of stores has been made in 1976 i.e., even before the Special Physical Verification Team visited Delhi Milk Scheme. But, introduction of the codification was not found practicable under the working conditions of D.M.S. and due to the lack of attainment of staff of Dairy Engineering Branch who were not fully qualified to understand and work the codification. Certain items of stores viz., Empty Bottles, Coal etc. are still being

stored in the open without enclosure. CPWD has already been moved to construct a separate enclosure for keeping coal. CPWD has also been moved to construct a godown for keeping empty bottles.

Regarding introduction of three tier system of Physical Verification, at present two tier system is in operation viz., continuous verification by Internal Audit Officer and Surprise Verification by SO(PHY)|CCS. Introduction of third tier i.e., Annual verification by Technical Officer nominated by General Manager, DMS is under consideration. In practice it will be difficult to introduce the third tier mainly because the store keeping staff may not be able to attend to as many as three verification authorities.

[Ministry of Agriculture and Irrigation (Department of Agriculture)
O.M. No. 2-55/77-LD.I, dated 31-7-78]

CHAPTER III

RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN THE LIGHT OF THE REPLIES RECEIVED FROM GOVERNMENT

Recommendation

From the facts mentioned in the Audit para and from the material made available to them, the Committee are led to the inescapable conclusion that the expansion programme of D.M.S. were not drawn up properly and pushed through incoherently without settling the essential details regarding procurement of plant and machinery and ensuring the supply of the basic constituent of the scheme, namely the availability of regular and sustained supply of fluid milk. Except for some vague assumptions, the DMS were not clear as to the parameters of the whole scheme as would be evident from the following facts.

[S. No. 7 (Para 2.40) of Appendix III to 46th Report (6th Lok Sabha)].

Action Taken

The Central Dairy of Delhi Milk Scheme and the Chilling centre complex were planned to handle, in all, about 4.35 lakh litres of milk per day. This was decided to be achieved in two distinct parts. In the first part, the dairy and the chilling centre complex were set up to handle 2.55,000 litres per day and the balance was to be done subsequently after the milk potential in the hinterland had been established and the infrastructure for staff, equipment, etc. had also been established.

The expansion programmes was drawn up very cautiously and the expansion of the dairy from the stage of 2.55 lakh litres per day to 4.35 lakh litres per day was taken up in two phases. In the first phase, the expansion was done in one portion of the factory which would not dislocate the work of the dairy in addition to its normal handling. This pertained mainly to the capacity for handling milk products like skimmed milk powder, butter and ghee. Only when that stage was nearing completion it was felt that it was the time to plan for the expansion of the rest of dairy i.e. the fluid milk handling alongwith the services like steam, refrigeration, equipment, etc. This portion of the work was sanctioned by E.F.C. because the value of the project was about Rs. 50 lakh.

[Ministry of Agriculture and Irrigation (Department of Agriculture)
O. M. No. 2-55/77-LD.I, dated 31-7-78]

Recommendation

Even before the first phase of the expansion programme which was approved in 1966 to provide the Central Dairy with a capacity of 3,00,000 litres per day, had reached the final stage, the D.M.S. embarked on an ambitious programme in 1969 of having a throughout of 4,35,000 litres per day (Optimum capacity) on the basis of 1971 population projections.

[S. No. 8 (Para 2.41) of Appendix III to 46th Report (6th Lok Sabha)]

Action Taken

As has been pointed out in para 2.40, the expansion from the phase of 2.55 lakh litres per day to the capacity of 4.35 lakh litres per day was taken up when the results of the first phase expansion per day were visible, and it was felt that action should be taken in advance to expedite the full scale expansion. The overlapping in question was deliberate and was based on technically sound consideration.

[Ministry of Agriculture and Irrigation (Department of Agriculture)
O. M. No. 2-55/77-LD.I, dated 31-7-78]

Recommendation

In their memorandum dated the 21st October, 1969, for the Expenditure Finance Committee, the Ministry stated that a part of the equipment under this expansion programme had already been installed to permit expansion of the liquid milk handling and other related sections and installation of the rest of the equipment including the spray-drier plant was expected to be completed by the end of the year 1969. The Ministry contemplated the completion of the entire expansion programme (Second phase) including construction work and installation of plant and machinery at the Central Dairy in about 12 to 18 months. They stated that installation of Milk Collection and Chilling Centres in rural areas was likely to take about 12 to 24 months. It was programmed to complete the work connected with the second phase expansion of the Central Dairy by December, 1970.

[S. No. 9 (Para 2.42) of Appendix III to 46th Report (6th Lok Sabha)]

Action Taken

The orders for the equipment to be installed under the first phase were placed well in time to be received by the projected dates. Most of the equipment also arrived in time. However, it took considerable time to finalise the erection contract which, unfortunately, delayed the start of the erection work of the first phase programme. This was also partly caused by an attempt to rationalise the working of the dairy by shifting some of the existing equipment to the extended portion of the dairy. An important

consideration to be borne in mind is that whatever was to be done was to be decided, keeping in view of the fact that a committed quantity of milk had to be sent for distribution every morning and evening without fail.

The expansion of the dairy consisted of several diverse elements which could not be purchased from a single manufacturer. A large number of contractors were involved and it became difficult to stick to the time schedule of 12—18 months.

[Ministry of Agriculture & Irrigation (Department of Agriculture)
O.M. No. 2-55/77-LD.I, dated 31-7-78]

Recommendation

But the chinks in the whole scheme were soon discernible. As pointed out by Audit, the average of actual procurement of milk was far below the processing capacity of 3 lakh litres of milk per day envisaged in the first phase expansion and 3.75 lakh litres of milk per day envisaged under the second phase expansion. According to the Ministry, adverse agroclimatic conditions and competition from milk products factories in the peripheral areas of Delhi upset their calculations and the targets of procurement could not be reached. The Committee are surprised that while estimating the procurement targets, the Ministry had not taken note of these factors which inhibited the supply of fluid milk to the Central Dairy. The Committee consider this to be a serious omission.

[S. No. 10 (Para 2.43) of Appendix III to 46th Report (6th Lok Sabha)]

Action Taken

It is submitted that milk production is not uniform through the year. In the northern part of India, there are three distinct seasons. In the flush season, from November to March, the production is maximum whereas in the months of April to June, it is at the lowest. This season is known as the lean season. In between the lean season and flush season, there is the rainy season when the production is at an intermediate level. If the capacity of the plant fixed at 3 lakh litres, it implies that three lakh litres, will be the procurement during the flush season while in the other season, it will be less and this shortfall would be made up by reconstitution from skimmed milk powder and stored fat in the form of white butter or butteroil. To maintain an average procurement of milk at the level of 3 lakh litres it will be necessary to procure as much as 4.5 lakh litres or above during the flush season. It will thus be seen that there was no serious shortfall.

[Ministry of Agriculture & Irrigation (Department of Agriculture)
O.M. No. 2-55/77-LD.I, dated 31-7-78]

Recommendation

The Chairman of the Delhi Milk Scheme during the course of his evidence has submitted that the restricting factor in the supply of milk was

the failure to expand the bottling plant. It is rather strange that while submitting the proposal before the Expenditure Finance Committee, the Ministry/DMS had made no mention of the Bottling Plant which required to be refurbished and expanded.

[S. No. 11 (Para 2.44) of Appendix III to 46th Report (6th Lok Sabha)].

Action Taken

Delhi Milk Scheme did not mention about the requirement for replacing any of the existing bottling plants at the time of submitting proposals before the Expenditure Finance Committee for its second phase expansion programme which was sent in 1968. The existing 5 bottling plants (3 bottling plants were commissioned in 1959 and 2 in 1966) were giving satisfactory service at that time even though expected life of the earlier 3 plants was to expire in 1971. The period of 12 years like that of the earlier 3 bottling plants was a broad guide, and it was not considered necessary to replace these plants by 1971 as the performance has been fairly good even in 1968. The second phase expansion programme was taken to certain additional facilities in the Central Dairy to handle 3.75 lac litres of milk per day for distribution (3.50 lac litres in bottles and 25,000 litres in bulk), and the existing 5 bottling units at that time were capable of handling this quantity. D.M.S. is keeping a proper check on the lives of various equipments installed in the DMS, and prompt action is being taken well in time to replace the old equipment wherever necessary. NDDDB has been requested to advise on proper maintenance and replacement of some of the sold equipment.

The new Management Committee under the Chairmanship of Dr. Kurien, Chairman, National Dairy Development Board is also looking into the question of renovating the DMS.

[Ministry of Agriculture and Irrigation (Department of Agriculture)
O.M. No. 2-55/77-LD-I, dated 31-7-78]

Recommendation

The Committee are distressed to note that the Delhi Milk Scheme which embarked on an ambitious programme in 1969 of having a throughput of 4.35 lakh litres per day are nowhere near the targets as will be evident from the figures of procurement for the last five years. The promise that was held out at the time of launching the second expansion scheme is yet to be fulfilled.

During the years from 1969-70 to 1974-75 the per day target and the actual procurement were continuously on the decline, except in 1971-72 and 1974-75. The position was somewhat precarious in 1973-74 when the target and actual procurement (0.90 lakh litres and 0.78 lakh litres, respectively) were the lowest with reference to the target and actual procurement in

1969-70 (2.06 lakh litres and 1.97 lakh litres, respectively). Though the procurement picked up in 1975-76, when both the target and the actual procurement were the highest with reference to the position in 1969-70 (the procurement being 2.13 lakh litres against the target of 2.23 lakh litres), it was still nowhere near achieving the processing capacity of 3 lakh litres per day envisaged under the first phase expansion and that of 3.75 lakh litres per day under the second phase expansion scheme. The Committee have been informed on 7 May 1977 that in March 1977, the average per day procurement of milk was 2.25 lakh litres. The Committee are unhappy with the unsatisfactory trend in the procurement of milk in the wake of two expansion programmes of the scheme.

The Committee find that instead of making serious efforts to tide over the situation Government/Delhi Milk Scheme authorities preferred to make good the shortfalls in procurement of raw milk by the use of skimmed milk powder and butter oil. While skimmed milk powder and butter oil received as gift from the World Food Programme Aid did not involve outgo of foreign exchange, the use of skimmed milk powder by direct purchase resulted in the foreign exchange of Rs. 716.70 lakh (based on average c.i.f. cost) during the period 1972-73 to 1974-75. The use of skimmed milk powder directly purchased has increased progressively from 1625 tonnes in 1969-70 to 3577 tonnes in 1974-75. The Committee feel that had the Delhi Milk Scheme taken concerted steps to achieve the targeted procurement which was the *sine-qua-non* for effective functioning of the Delhi Milk Scheme, the country would have been spared the outgo of valuable foreign exchange."

[S. No. 18 to 20 (Paras 3.89 to 3.91) of Appendix III to 46th Report (6th Lok Sabha)].

Action Taken

Delhi Milk Scheme planned for the expansion of the Dairy to handle 4.35 lakh litres of milk per day (3.15 lakh litres liquid milk and 0.60 lakh litres for products). But the installed capacity as planned was achieved as follows:—

Year	Installed Capacity	Average daily procurement of milk	Average daily distribution of milk
1972-73	3.00 lakh litres per day	1,58,950	2,89,304
1973-74	3.00 lakh litres per day	78,019	2,88,530
1974-75	3.00 lakh litres per day	1,56,890	2,92,854
1975-76	3.00 lakh litres per day	2,12,160	3,08,096

Against the above installed capacity, the D.M.S. procured and distributed the quantities of milk as indicated above.

DMS procured milk from U.P., Haryana, Rajasthan and Punjab through the following agencies:—

1. Cooperatives/State Agencies.
2. Departmental procurement through milk producers/Dudhias and Co-operatives.
3. Milk Contractors.

The procurement of milk from various sources were as follows:—

	Years	U. P.	Haryana	Rajasthan	Punjab	Delhi.
State Agency	1972-73	1929	7455	..	..	..
	1973-74	1111	2002	..	..	..
	1974-75	5547	2392	3675	..	..
	1975-76	8887	4432	35251	1770	..
Departmental procurement	1972-73	..	..	9402	..	..
	1973-74	..	..	3376	..	..
	1974-75	2436	707	12709	..	..
	1975-76	21221	3513	17445	..	5870
Contractors	1972-73	140164	..	..	..	..
	1973-74	71530	..	..	..	..
	1974-75	129436	..	..	..	..
	1975-76	115971	..	..	..	..

Delhi Milk Collected milk in the earlier years mainly through the milk contractors as the Cooperatives were not organised then. However, all efforts were continuously being made to receive larger supplies of milk through the cooperatives. The organisation of milk producers cooperative Societies being a State Subject, it was only the state Govt. which could organise co-operative societies for procurement of milk. So far D.M.S. is concerned, this point was continuously stressed and the State Govts. concerned were requested to increase procurement of milk through the cooperatives and supply larger quantities of milk to DMS. As a result of these discussions, and various incentives given to the State Cooperatives by way

of higher commission, higher overheads, reduced rates of penalties etc., the cooperatives have been able to organise themselves and as a result DMS started getting milk from the cooperatives of Rajasthan from April, 1974. The Rajasthan Government subsequently requested D.M.S. to withdraw departmental procurement of milk from Bikaner and DMS has accordingly stopped collection of milk departmentally from 9.9.76. Subsequently when the Rajasthan Dairy Development Corporation also organised village cooperatives in the districts of Alwar and Bharatpur from where D.M.S. was procuring milk through contactors and departmentally since 1.1.1977, the departmental procurement has also been stopped *w.e.f.* 4.6.78.

Delhi Milk Scheme has been getting milk from U.P. Cooperatives since its inception. But the quantities supplied till 1974 were quite substantial until the P.C.D.F. Uttar Pradesh, an apex body at the State level was organised which started collecting milk in Meerut area. In the year 1976 the U.P. Govt. under the Milk Control Act, 1976 reserved certain areas for exclusive procurement of milk by the U.P. Cooperatives and as a result of which D.M.S. withdrew departmental collection of milk from the districts of Mathura and a portion of reserved areas in Bulandshahr and Meerut Distt. D.M.S. always preferred to get milk from cooperative rather than getting milk from milk contractors or even departmentally. This is obvious from the figures of milk procurement that the procurement of milk from the State Cooperative Agencies, for example from Uttar Pradesh increased from about 2000 Kgs. per day in 1972-73 to about 12,000 Kgs. per day in 1976-77 which has increased to about 30,000 Kgs. per day in 1977-78. Similarly from Rajasthan DMS procured only about 3,376 Kgs. of milk in 1975-76 which has been increased to 62,000 Kgs. in 1976-77 and during 1977-78 it was as high as about 90,000 Kgs. per day.

In spite of several meetings with the officials of Haryana Dairy Development Corporation and constant persuasion, the Haryana cooperatives have not improved their supplies to the DMS. In fact, the milk procured by them was diverted to their own plants and therefore supplies of milk from Haryana Cooperative to D.M.S. has declined.

Only a small supply was received from Punjab Dairy Development Corporation/Cooperatives during the year 1975-76 and 1976-77. It would be seen that sizeable quantities of milk were also collected departmentally through the milk producers of resettled cattle colonies in the Union Territory of Delhi since December, 1975.

As in case of Rajasthan, D.M.S. has also decided to withdraw departmental procurement of milk from Uttar Pradesh and eventually from Haryana also in a phased manner without disrupting the supplies of milk

to DMS. Since the Cooperatives are still in the initial stage of development they are not able to commit any quantity of milk as a result of which it becomes difficult for DMS to fix any target. Until such time as the cooperatives establish themselves fully and ensure regular and committed supply of milk it would be unrealistic to have any target from milk cooperatives.

It is a fact that DMS has used substantial quantity of S.M.P. and butter oil but this is a practice followed in all the liquid milk plants in the country and it is difficult to dispense with the use of SMP and Butter Oil at least during the lean season. The State Cooperative Departments/Dairy Developments Corporation have also been approached at Government level to increase supplies of milk from the District Cooperatives Milk Unions so that D.M.S. may stop using S.M.P. & Butter Oil even during the lean season.

[Ministry of Agriculture & Irrigation (Department of Agriculture)
O. M. No. 2-55/77-LD. I dated 31.7.78]

Recommendations

The Committee note that the procurement of milk is confined to places in U.P., Rajasthan, Haryana, Punjab and Delhi and the sources of procurement are contractors, cooperatives and individual farmers from whom the Delhi Milk Scheme purchases milk departmentally. The targets of procurement are generally fixed with reference to the performance of the preceding year and the commitments made or likely to be made by the contractors collectively. What has surprised the Committee most is the fact that no specific targets were fixed in respect of cooperatives and departmental procurements, as they note that during the years from 1969-70 to 1975-76 the procurement through these sources has varied not only from year to year but from place to place as well. For instance the procurement from Bikaner rose from 7 lakh litres in 1969-70 to 35 lakh litres in 1972-73, fell to 13 lakh litres in 1973-74 and then rose to 96 lakh litres in 1975-76. Similarly, in Mathura, the procurement rose from 9 lakh litres in 1974-75 to 68 lakh litres in 1975-76.

The Committee need hardly point out that such a wide variation in targets and actual procurement not only leads to uncertainty and fluctuation in the supply of milk to the consumers but is bound to render the installed capacity idle at certain times, thereby, enhancing the overhead expenditure of procurement of milk per litre. The Committee would, therefore like to emphasize that there is an imperative need to fix targets for procurement of raw milk from various sources particularly the milk producers, cooperatives and centres so as to ensure an un-interrupted flow of milk for processing and supply to the consumers. The Committee need

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hardly point out that concerted and determined efforts would have to be made both at organisational and field levels if the targets fixed for procurement from cooperatives and milk producers are to be achieved.

The Committee regret that the procurement of milk through the Cooperative societies has been very insignificant. This is evident from the fact that during 1975-76 the Delhi Milk Scheme procured 244.94 lakh litres (which accounts for 31.54 per cent of the total procurement during the year) through Cooperatives. The entire quantity of 174.69 lakh litres procured from Etah in Uttar Pradesh, Bharatpur in Rajasthan, Gurgaon and Karnal in Haryana and Ferozepur in Punjab was procured from contractors.

The Committee regret that even after 17 years of its establishment the Delhi Milk Scheme has to depend for its procurement largely on the contractors, as compared to other agencies viz., cooperatives and direct from farmers departmentally, as they note that during 1975-76 as much as 364.72 lakh litres of milk, which accounted for 46.97 per cent of the total procurement was procured from contractors alone. The procurement was mainly confined to Meerut and Bulandshahr District of Uttar Pradesh and Gurgaon District in Haryana which together accounted for 314.52 lakh litres out of total procurement of 364.72 lakh litres through contractors during 1975-76. While the contractors may have an edge over other agencies as they have flexibility of action and can offer competitive prices for their milk, it cannot be gain said as has been conceded by the Chairman, Delhi Milk Scheme during evidence that they are not quality conscious and are prone to slippages in their contractual commitments. As pointed out by the Audit the contractors of Bulandshahr and Meerut in U.P. having commitments to supply ten or more quintals per day fulfilled their commitments to the extent of 77.8 per cent and 42.2 per cent only respectively. Some idea of short and faulty supply by the contractors can be had from the fact that the quantum of penalty imposed on them rose from Rs. 2.94 lakhs in 1971-72 to Rs. 9.45 lakhs in 1975-76.

[S. Nos. 21—24 (Paras 3.92 to 3.95) of Appendix III to 46th Report
(6th Lok Sabha)]

Action Taken

The production and availability of milk depends on several factors like climatic conditions, price of feed and fodder, price of agriculture commodities, edible oil etc. These factors are varied in nature and DMS could hardly exercise any influence on the course of their development and it would have been unrealistic for the DMS to work out procurement targets in advance. The milk shed area of DMS faced severe drought conditions in the two subsequent successive years in 1972-73 and due to this the pro-

urement of milk was very adversely effected and therefore the stipulated projection of milk procurement could not be achieved.

As a major portion of the milk is now being procured through the co-operatives and the cooperatives are establishing themselves in the field, it is being proposed to have annual agreements with these state Cooperative agencies with penalty clauses to ensure committed supplies of milk regularly. It is felt that in about 5 years time it may be possible to enforce rigidly with the cooperatives regarding commitments on the basis of which targets may be fixed.

During the year 1977-78, D.M.S. has procured about 65 per cent of the total raw milk through the State Cooperative agencies and 35 per cent through departmental procurement system. Procuring milk from contractors has been eliminated from 1.1.1977.

[Ministry of Agriculture & Irrigation (Department of Agriculture)
O. M. No. 2-55/77-LD. I dated 31.7.78]

Recommendation

The Committee need hardly stress that it should be the endeavour of Government to organise, in consultation with the State Governments/Indian Dairy Corporation, the right type of Cooperative Societies so that the milk requirements of Delhi Milk Scheme are met by and large through this source. In this connection, the Committee have been given to understand during evidence that the Anand pattern of Cooperative Society have under their bye-laws eliminated not only the contractors but also other vested interests. There is a Society in each village and these are federated to what is known as a Union at the district level. This is a two-tier system. The Union at the district level provides the infrastructure for procuring, processing distributing milk. The Committee see no reason why this Anand pattern of Cooperative Society which has been found to function effectively in the interest of milk producers and consumers should not be developed uniformly in the entire milk shed area of Delhi Milk Scheme.

[S. No. 26 (Para 3.97) of Appendix III to 46th Report
(6th Lok Sabha)]

Action Taken

Cooperative is a State subject. The milk shed of Delhi Milk Scheme lies in the neighbouring States of U.P., Rajasthan, Haryana & Punjab. All these States are covered under Operation Flood I Project. In addition, I.D.A. assisted project has also been taken up in Rajasthan. In these projects, type co-operatives are to be formed. Some progress has been achieved in this direction. However, this is a long term process and the

conditions differ from State to State. It may take some time before co-operatives on Anand pattern are established in all the neighbouring States supplying milk to D.M.S.

[Ministry of Agriculture & Irrigation (Department of Agriculture)
O. M. No. 2-55/77-LD. I dated 31.7.78]

Recommendation

The note of the Chairman, Delhi Milk Scheme, had clearly made out the points for the reconsideration of the Committee of Officers. The Committee feel that normally the Committee of Officers should have ascertained facts instead of making recommendations on assumptions. It is surprising that although the Chairman's guidelines were given on the 26th September, 1974, the Committee of officers for reasons unknown took four months to meet again and consider the matter *de novo*. It is all the more surprising that within two days of their meeting they finalised their report and reversed their earlier recommendations. Even these recommendations do not appear to be conclusive as these recommended for utilisation of plants and machinery for Commissioning of new centres and for strengthening the existing ones. This shows that the Committee did not bestow proper consideration which they should have to the issues involved. The Committee would like to be assured that the examination of the issues were thorough and adequate. They would also like to know the reasons for not taking follow-up action in regard to utilisation and disposal of the plant and machinery soon after the closer of the centres during 1965—71.

[S. No. 38 (Para 4.23) of Appendix III to 46th Report (6th Lok Sabha)].

Action Taken

The Committee of officers gave its final recommendations on 24-1-75 regarding utilisation of plant & Machinery and building of various Chilling Centres which were closed were considered in a meeting of sub-committee as constituted by the Governing Body of DMS which consisted of the following Members:—

1. Shri Ranbir Singh, M.P.—*Chairman*.
2. Shri Kidar Nath Sahni, Mayor of Delhi—*Member*.
3. Shri Ishaq Sambhali, MP—*Member*.
4. Shri S. K. Gosh, Jt. Secretary, Ministry of Finance—*Member*..
5. Shri V. K. Malik, Director (AH&SL)—*Member*.
6. Shri C. Gopinath, Jt. Commissioner (DD)—*Member*.
7. Shri A. Mohan Lal, Chairman, DMS—*Member-Convenor*..

This sub-committee duly accepted the recommendations of the committee of officers which indicates that the examination of the issues by the committee of officers was thorough and adequate.

The following chilling centres were closed during the year 1965—1978:—

1. Sonapat during the year—1971.
2. Kharkhoda in August—1966.

At the time of closing of the above two Chilling Centres it was felt that these Chilling Centres would not be closed permanently and therefore the follow up action of shifting the plant & equipment and utilisation of the building was deferred. It would be clear from the facts that the MC&CC Sonapat was subsequently recommissioned in September, 1974 and thereafter again temporarily closed in January, 1977. Regarding Kharkhoda, it may be stated that as DMS did not hope to get any milk, some of the plant & equipment from this chilling centre was shifted in the year 1974 a portion of the building of MC&CC Kharkhoda was utilised as Acceptance Centre for receiving milk from the milk suppliers during the period MC&CC Sonapat was in operation.

[Ministry of Agriculture and Irrigation (Department of Agriculture)
O.M. No. 2-55/77-LD.I, dated 31-7-78]

Recommendation

The Committee are unhappy to note that procurement of milk from Bikaner Centre had been on constant decline upto 1973-74 though it started picking up from 1974-75 onwards. The procurement had gone down to 12.71 lakh litres in 1973-74 as against the quantity of 50.32 lakh litres of milk procured in 1971-72. This downward trend had not only affected the supply of milk but had also increased the handling cost of milk from 14.5 paise per kilogram in 1971-72 to 45 paise per kilogram in 1973-74.

[S. No. 45 (Para 4.82) of Appendix III to 46th Report (6th Lok Sabha)]

Action Taken

D.M.S. have now stopped processing milk from Bikaner direct as it has started processing through the Rajasthan Milk Cooperative.

[Ministry of Agriculture & Irrigation (Deptt. of Agriculture)
O.M. No. 2-55/77-LD.I, dated 31-7-78]

Recommendation

The Committee note that the capacity of bye-products plants of the Delhi Milk Scheme, namely, butter manufacturing plant, ghee manufacturing plant, casein plant, and ice-cream plant was grossly under utilised since 1970-71. The percentage of capacity utilised per day during 1973-74 was significantly low as the utilisation of different plants during that year was (i) butter manufacturing plant 24.5 per cent; (ii) ghee manufacturing plant 0.63 per cent; (iii) casein plant 1.6 per cent; and (iv) Ice-cream plant 1.86 per cent. In this connection, the Committee would like to be apprised whether the capacities of these plants were fixed on any particular production pattern taking into account the processing capacity of the Central Dairy and if so, the reasons for not following that pattern.

[S. No. 49 (Para 4.86) of Appendix III to 46th Report (6th Lok Sabha)].

Action Taken

There was a great shortfall in the procurement of raw milk during the year 1970-71. There was no surplus fat available with D.M.S. In the absence of fat from raw milk, the Butter Oil was utilised and as such the bye-product plants could not be utilised to full capacity. The utilisation of these plants cannot be to the full capacity in case of shortfall in the procurement of raw milk. Due to this reason, the full capacities of these plants could not be achieved in the year 1970-71.

[Ministry of Agriculture & Irrigation (Deptt. of Agriculture)
O.M. No. 2-55/77-LD.I, dated 31-7-78]

Recommendation

The Delhi Milk Scheme has since its inception adopted the system of supply of milk through bottles. While 2.64 lakh litres of milk were distributed per day at an average, the figures went up to 2.93 lakh litres in 1974-75 and to 3.60 lakh litres in May, 1977 according to latest figures furnished by the Ministry. A study conducted by the National Dairy Development Board in May-June 1970 had revealed that 97 per cent of the household in Delhi city regularly purchases on an average 1.6 litres of milk daily and that non-dairy buyers from the very poor and poor income segments buy costlier milk.

In view of this, it is imperative that the Delhi Milk Scheme should make all-over efforts to increase the supply of milk so that people in the lower income brackets are enabled to purchase milk from the Delhi Milk Scheme at comparatively less prices.

[S. No. 58 (Para 5.42) of Appendix III to 46th Report (6th Lok Sabha)]

Action Taken

Delhi Milk Scheme has already issued the required number of tokens covering the total supply of 3.70 lakh litres per day. There is no scope at present to either increase the installed capacity or re-distribute the tokens amongst the consumers of Delhi. The additional demand for milk is to be met by Mother Dairy.

[Ministry of Agriculture and Irrigation (Department of Agriculture)
O. M. No. 2-55/77-LD.I, dated 31-7-78]

Recommendation

The Committee have been informed that with a view to preventing mal-practices in the distribution of milk, the Delhi Milk Scheme conducted a physical verification of the tokens and, as a result of intensive drive conducted, it was possible to cancel as many as 27,478 bogus tokens recently. They would also urge that such verification of tokens should be made at least once a year.

[S. No. 68 (Para 5.52) of Appendix III to 46th Report (6th Lok Sabha)]

Action Taken

The checking of milk tokens with Ration Cards in order to weed out the bogus tokens is an enormous and heavy work and it is not feasible to carry out the same every year due to paucity of time and staff. It can be done only periodically.

[Ministry of Agriculture and Irrigation (Department of Agriculture)
O. M. No. 2-55/77-LD.I, dated 31-7-78]

Recommendation

The Committee are surprised to note from the Audit Para that whereas the quantity of milk distributed per day was the same viz. 2.89 lakh litres during 1972-73 and 1973-74 and the total number of routes during these years was also the same, viz. 123, the total number of milk vans had increased from 123 in 1972-73 to 148 in 1973-74. Similarly, they find that against 124 total routes during 1974-75, the total number of vehicles had increased to 158. However, the Committee find that with lesser number of 97 vans covering 124 routes DMS were able to distribute 3.10 lakh litres of milk per day during 1975-76 and with 99 vans covering 132 routes the milk distributed during 1976-77 was 3.35 lakh litres per day. The Committee would like to be explained the reasons for wide difference between the routes, both morning and evening, milk distributed and the total number of vehicles held

during 1972-73 to 1976-77, particularly when the Delhi Milk Scheme could distribute 3.35 lakh litres of milk per day with only 99 vans during 1976-77.

[S. No. 72 (Para 5.56) of Appendix III to 46th Report (6th Lok Sabha)]

Action Taken

Statistical information regarding number of vans, number of routes and milk distributed in various years as mentioned by P.A.C. is given below:—

Year	Number of Vans		Proposed for con- demnation	On road	Number of routes		Tot al
	On charge	Off road due to maintenance			Morning	Even.	
1	2	3	4	5	6	7	8
1972-73 .	123	4	30	81	77	46	123
1973-74 .	148	12	58	98	77	46	123
1974-75 .	159	1	28	92	78	46	124
1975-76 .	121	8	..	85	81	46	127
1976-77 .	101	10	..	91	7 ..	..	..

D.M.S. is expected to distribute a total quantity of 3.75 lakh litres of milk to the citizens of Delhi. From experience it is known that a quantity of 2.50 lac litres of milk is required to be distributed in the morning and 1.24 lac litres in the afternoon. For this quantity of milk 93 vans in the morning and 47 vans in the evening are required. Thus, the total number of routes to be operated a day will be 140. To operate a maximum of 93 routes in the morning, 93 vehicles are required. Besides this, there are also miscellaneous duties like distribution of milk products for which the need is about 6 vehicles per day. Thus, obviously the requirement comes to 99. So far no separate trucks have been kept in the DMS for other commodities like transportation of various stores within the premises of the dairy as well as Stores purchased from the local market from time to time. These duties have been carried out with the help of the existing vans and DMS has been utilising about 4 vans per day on the average for this purpose also (DMS is now proposing to have adequate number of trucks for this duty, and when these trucks are procured, it will not utilise the vans for this purpose). Thus from the above, it will be seen that the basic requirement of vehicles is 99. At least 20 per cent of this number are required as standby vans for meeting the maintenance and breakdown requirements. This 20 per cent comes to 20. Thus, the total requirement of vans is 119.

From the yearly statistics shown above, it will be seen that the vans position was the worst in the year 1972-73. From the above figures, it will also be seen that DMS has always been having lesser number of vans than actually required. The observation of the P.A.C. is that during 1976-77 D.M.S. could distribute 3.35 lac litres of milk with 99 vans only. From the yearly statistics indicated above, it will be clear that the number of vans available for actual duty in each year are shown separately, and this number differs from the figures indicated by the P.A.C. in the para. D.M.S. has never been having a larger number of vans at any time than are actually required. Somehow, whenever the number of vans is considerably low, DMS is supposed to distribute milk by deploying vans on double trips which results in delays in supplying of milk and is not desirable taking into account the sensitive nature of the commodity being handled by DMS.

[Ministry of Agriculture and Irrigation (Department of Agriculture)
O. M. No. 2-55/77-LD.I, dated 31-7-78]

CHAPTER IV

RECOMMENDATIONS/OBSERVATIONS REPLIES TO WHICH HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION

Recommendation

“2.45 The Committee regret that timely action was not taken by the Delhi Milk Scheme to replace the old bottling plants, particularly when they knew that the normal life of these plants was 12 years and was likely to be over by 1971. In such circumstances prudence demanded advance action for replacement of the three bottling plants in a phased manner so that their replacement could be synchronised with the completion of the second phase expansion programme. Keeping in view the fact that there was a long waiting list of about 1,20,000 applicants, and the list continued to expand further from day to day the Committee regret that DMS did not take timely action to ensure a steady supply of 3,75,000 litres of milk per day throughout the year which they had envisaged under the expansion programme.

2.46. Although the second phase expansion programme was envisaged to be completed by December, 1970, the Committee find that majority of items included in this programme were acquired/installed/commissioned during 1973-74 to July, 1975. A number of items which were included in Phase I such as four storage tanks, spray drier skimmed milk powder plant, casein plant, cold storage for ghee and white butter and cold storage for table butter, were completed during the years 1972 to 1974. Several items including equipment for milk collection and chilling centres, air-conditioning unit for butter oil storage, civil works for milk collection and chilling centres etc., of the total value of Rs. 65.70 lakhs were not acquired/executed. Apart from these, there are other items, such as steam generators, ammonia compressors, rail milk tankers, of the total value of Rs. 21.75 lakhs, which were installed/acquired but were not commissioned or utilised till November 1975 according to the Audit. It has also been conceded by the Government that against 184 milk booths sanctioned in May, 1969 and December 1972, 156 milk booths have been completed and taken over till April 1976. All these deficiencies/delay in the execution and changes/alterations at a later stage, leave no doubt in the mind of the

Committee that the whole expansion programme was not properly planned and no sustained efforts were made to achieve the physical results.

2.47. One of the reasons adduced by the Ministry for their delay in the execution of various items of work during the second phase expansion programme is the procedural difficulties in obtaining Government sanctions for award of works and involvement of a number of agencies viz., the Central Public Works Department for Civil Works, State Trading Corporation for import of machinery and equipment against Swedish credit, DGS&D for the purchase of indigenous machinery and equipment and the Indian Dairy Development/National-Dairy Development Corporation for the procurement of certain items of dairy development. The Committee are not at all convinced with the arguments advanced by the DMS/Ministry. While planning a project of this dimension, the Ministry/DMS should have taken a conclusive action to effect coordination between the Delhi Milk Scheme and the other agencies which were to play their part in the execution of the project.

2.48 As pointed out by Audit there were no detailed scheduled for completion and commissioning of the various items of works nor were the figures of actual expenditure against sanctioned estimates available. The Committee are surprised at the statement made by the representative of the Ministry during evidence that "no centralised schedule to regulate the completion and commissioning of various items of work was maintained during the first phase expansion programme as the works to be executed during the first phase were not too many". With regard to the second phase expansion programme, the arrangement made by the Ministry to review the progress of the project appears to have been wholly inadequate. It appears to have acquiesced in repeated extensions of time for completion of various individual works. The Committee are convinced that had a time-bound programme been drawn up and a careful vigilance kept over the execution, the scheme would have proceeded at a much faster rate and completed well in time.

2.49. The responsibility for drawing up the detailed scheme for expansion and implementation was primarily that of D.M.S. Since, however, DMS continued to be a departmental undertaking under the supervision of the Ministry of Agriculture, that Ministry should have also seen to it that an integrated scheme was drawn up and PERT chart identifying crucial areas for ensuring timely progress prepared and effective action taken to see that the scheme was implemented in an integrated manner as per a time-bound programme."

[S. No. 12 to 16 (Paras 2.45 to 2.49) of Appendix III to 46th Report (6th Lok Sabha)].

Action Taken

While undertaking the expansion programme, DMS did not cut down supplying the committed quantities of milk to the citizens of Delhi which left very little time and execute the expansion programme. In fact, it becomes all the more difficult to keep up the regular supplies when expansion programme is under execution. When it was observed that the execution of expansion programme was not progressing satisfactorily, a separate Planning Development and Coordination Cell was set up in the DMS in 1971.

[Ministry of Agriculture and Irrigation (Department of Agriculture)
O. M. No. 2-55/77-LD.I, dated 31-7-78]

Recommendation

The Committee are unable to understand why milk procurement from contractors was continued in Bulandshahr and Meerut Districts during 1975-76 when policy decision had been taken that wherever Cooperatives come up for milk supply, milk will not be accepted from the private agencies. The Committee are also concerned to note that in many villages and districts there were mushroom cooperative societies which were not really milk producers' societies. Such societies functioned somewhat like contractors and diverted sale of milk to private parties to the detriment of assured supplies for the Delhi Milk Scheme. The Committee have been informed that the Indian Dairy Corporation insist on adoption of a bye-law by milk producers cooperative society under which nobody who is not a milk producer and has not supplied milk continuously for 200 days in a year, can be or remain a member. The Committee see no reason why, the Delhi Milk Scheme/Government cannot insist on the incorporation of this bye-law by the cooperatives which desire to supply milk to the Delhi Milk Scheme.

[S. No. 25 (Para 3.96) of Appendix III to 46th Report (6th Lok Sabha)].

Action Taken

With a view to eliminating the difficulties which were experienced by milk procuring Cooperative Societies and other suppliers to safeguard the interest of small suppliers various changes were made in the milk procurement policy of 1975-76. It was decided that DMS would purchase milk from its milk shed areas through the following agencies.

1. Directly from farmers, the duhdias and Cooperative Societies and federations which will get first preference.

2. Wherever, the procurement of milk through the above agencies was not feasible purchase of milk would be made through small milk suppliers against regular annual contracts.

DMS has implemented the above policy and continued procurement of milk through contractors in the districts of Bullandshahr and Meerut only, when cooperatives did not come forward to commit regular supplies of milk to D.M.S. throughout the year. The D.M.S. can, however, not directly involve itself in the functioning of Corporations as the Corporations are formed under State Governments Rules etc.

[Ministry of Agriculture & Irrigation (Deptt. of Agriculture)
O. M. No. 2-55/77-LD.I, dated 31-7-78]

Recommendation

The Committee are distressed to find that despite the issue of licences in or after 1970, several milk product units in the organised sector located around the operation areas of Delhi Milk Scheme have turned out products beyond their licensed capacity in violation of the provisions of the licence. For example, it will be seen from the Statement of Appendix I that M/s. Milk Commissioner, Jind (Haryana) and M/s. Haryana Milk Food, Pehwa produced milk powder to the extent of 901 tonnes and 1009 tonnes in 1975 and 1974 respectively against their licensed capacity of 650 tonnes and 800 tonnes respectively. Similarly, M/s. Hindustan Lever Limited, Etah (U.P.) produced 1350 and 1234 tonnes of Infant Milk during 1971 and 1972 respectively against their licensed capacity of 1000 tonnes. M/s. Glaxo Laboratories Limited, Aligarh (U.P.) a multinational, produced 4418 tonnes of Infant Milk Food during 1971 against their licensed capacity of 4000 tonnes. All this goes to indicate that no follow-up action was taken to enforce strictly the provisions of the licences issued to the Units concerned. The Committee deplore this casualness on the part of the authorities concerned.

[S. No. 30 (Para 3.101) of Appendix III to 46th Report (6th Lok Sabha)].

Action Taken

In order to achieve greater production, it is the policy of the Government to allow manufacturers to produce 25 per cent in excess of their licensed capacities. Against this, the excess production appears to be small. However, the observation of the Committee has been noted for future guidance.

[Ministry of Agriculture and Irrigation (Department of Agriculture)
[O.M. No. 2-55/77-LD.I, dated 31-7-78]

Recommendation

The Committee are unhappy to record that although the Ministry of Agriculture/Delhi Milk Scheme were aware of the problem of competition by these industrial units, no serious efforts were made to resolve the problem. It is rather strange that the Ministry of Industry and Civil Supplies which is responsible for granting of licences to the Industrial Units for milk products were not aware, as confessed by their representative during evidence, of the milk shed areas of the Delhi Milk Scheme. What has surprised the Committee is the fact that since 1972 correspondence has been going on between the Ministry of Agriculture and Irrigation and Ministry of Industry and Civil Supplies to curb the functioning of milk product factories but no tangible measures, legal or administrative, have been taken so far to prevent diversion of milk from the milk shed areas of Delhi Milk Scheme to the milk product factories.

[S. No. 31 (Para 3.102) of Appendix III to 46th Report (6th Lok Sabha)].

Action Taken

Initially, milk shed areas were not being included in the industrial licences issued to the parties. As a result of experience gained, demarcation of milk command areas was included in later licences in the case of those licences where milk shed areas were not specified, it is now not possible to incorporate any new conditions under the Industries (Development and Regulation) Act, 1951, including demarcation, after the plants have been established. Presently, there is no provision under the Industries (Development & Regulation) Act, 1951 to take action against breach of conditions of the licence. However, the Ministry of Industry is seized of the problem and is considering suitably to amend the Industries (Development & Regulation) Act, 1951.

[Ministry of Agriculture and Irrigation (Department of Agriculture)
O.M. No. 2-55/77-LD-I, dated 31-7-78].

Recommendation

The Committee feel that one of the effective steps to restrict the procurement of milk by the Milk Product Factories can be to demarcate the milk shed areas of Delhi Milk Scheme. For this purpose, the cooperation of the States which fall within the milk shed areas of Delhi Milk Scheme is necessary. The Committee have been informed that the question of demarcating milk shed areas was considered on 13 June, 1975 at a meeting of officers of Haryana Dairy Development Corporation, D.G.T.D., Ministry of Industry and the Delhi Milk Scheme and since then a proposal for demarcating milk shed areas of various plants in the State of Haryana has been under consideration of the State Government. The Committee would like the Ministry of Agriculture to examine the matter in depth in consul-

tation with the Ministry of Industry and Civil Supplies and the State Governments concerned and finalise the proposal of demarcation milk shed areas for each processing unit in and around Delhi expeditiously.

[S. No. 32 (Para 3.103) of Appendix III to 46th Report (6th Lok Sabha)].

Action Taken

Under the present Industries (Development & Regulation) Act 1951, it is not possible to incorporate any new conditions for demarcating areas after the plants have been established. The Government of Haryana has been considering demarcating milk shed areas of the various plants in the State. It has, however, not been possible for Haryana to supply milk to the D.M.S. as the milk produced in that State is needed for the plants set up there. With the setting up of State Dairy Corporations/Federations in the States of Rajasthan, Punjab, Haryana & U.P., D.M.S. is procuring milk through these Bodies in bulk directly, thus obviating the need for demarcation of individual dairy plants.

[Ministry of Agriculture and Irrigation (Department of Agriculture)
O.M. No. 2-55/77-LD-I, dated 31-7-78]

Recommendation

The Committee note that Delhi Milk Scheme had sold milk to Rajasthan Go Sewa Sangh, Bikaner from April 1969 to December 1973 for distribution in Bikaner city on the basis of procurement price plus 21.5 paise per litre to cover the handling charges (excluding the over-heads). As the cost of handling the milk in Bikaner was higher than the rate of 21.5 paise per litre, the Delhi Milk Scheme had to suffer a loss of Rs. 0.91 lakhs for the above sale. The Committee would like to know the circumstances under which the milk was sold to the Sangh at a loss, particularly at a time when the procurement of milk from Bikaner was showing a downward trend and the milk was required for the dairy in Delhi.

[S. No. 48 (Para 4.85) of Appendix III to 46th Report (6th Lok Sabha)].

Action Taken

D.M.S. sold milk to Rajasthan Go Sewa Sangh, Bikaner for distribution in Bikaner city on the basis of procurement price plus 21.5 paise per litre to cover the handling expenses (excluding overheads) on the basis of decisions taken in the 33rd Meeting of the Management Committee of the Governing Body for D.M.S. held on 27-1-68 although, DMS had proposed at item No. 3 of the agenda note to charge 28 paise per litre to the Rajasthan Go Sewa Sangh, Bikaner.

[Ministry of Agriculture and Irrigation (Department of Agriculture)
O.M. No. 2-55/77-LD-I, dated 31-7-78]

Recommendation

The Committee note that for increased production of ghee of 6.74 lakh kilograms in 1972-73 and 5.66 lakh kilogram in 1973-74, fat was diverted from raw milk and to make up the resultant shortfall of fat large quantities of butter oil was used up for preparation of pasteurised milk. This step had to be taken as the airconditioning unit for butter oil storage provided for in the second phase expansion at an estimated cost of Rs. 8 lakhs had not been installed. Had this been done, the Committee feel, the problem of spillage might not have arisen. The Committee would like the Delhi Milk Scheme to work out the comparative economics (including foreign exchange implications) of the substitution of fat in raw-milk by butter oil in the production of pasteurised milk and use of fat in the raw milk for production of ghee so that butter oil for production of ghee is used economically, judiciously and also keeping in view health considerations.

[S. No. 50 (Para 4.87) of Appendix III to 46th Report (6th Lok Sabha)]

Action Taken

During 54th Meeting of the Management Committee of D.M.S. held on 12th October, 1977, it was decided that Butter-Oil will not be used just to bring-down the cost of fresh-milk. It was also decided that all efforts should be made to procure adequate quantities of milk, and that Butter-Oil should be used only when DMS does not get adequate quantities of fat from the procured milk. This decision of the Management Committee is now being followed and DMS is no longer producing ghee and using Butter-Oil, as pointed out in this para by the Committee. The question of working out the comparative economics of constitution of raw-milk by Butter-Oil, therefore, does not arise. DMS is now concerned to cater to the basic need of the consumers rather than to effect economy by the use of butter oil.

[Ministry of Agriculture and Irrigation (Department of Agriculture)
O.M. No. 2-55/77-LD-I, dated 31-7-78]

Recommendation

The Committee need hardly point out that the working of a public utility service like the Delhi Milk Scheme has to be judged by the extent of satisfaction afforded to the beneficiaries. Judging from the increasing trend in the number of complaints the Committee cannot but come to the conclusion that the functioning of the booths is far from satisfactory and needs to be looked into so as to effect improvements. They would, therefore, urge that a detailed survey of the depots may be conducted periodically with a view to identify the difficulties of the beneficiaries and to take

speedy remedial measures. The Committee would suggest that every depot should maintain a complaint box, wherein all written complaints concerning the functioning of the booth may be dropped by the token holders. The keys of the complaint boxes may be kept by the Milk Distribution Officers in their custody who should arrange to collect all the complaints, register them and initiate action thereon. The complaints should be looked into without loss of time and the complainants apprised of the action taken in definitive terms.

[S. No. 67 (Para 5.51) of Appendix III to 46th Report (6th Lok Sabha)]

Action Taken

The suggestion to maintain complaint box at the depots has been considered in the past, but due to the fact that even the notices are removed by the miscreants as also the doors, window panes, locks and latches, it has not been considered feasible to affix complaint boxes at the depots.

Delhi Milk Scheme has however set up a complaint Cell with Phone No. 585426, which functions round the clock. The complaints received on phone & by post are registered in the complaint register & prompt action is taken. The complainant is also informed about the action taken on his complaint.

[Ministry of Agriculture and Irrigation (Department of Agriculture)
O.M. No. 2-55/77-LD-I, dated 31-7-78]

Recommendation

The Audit has pointed out that though instructions exist to ensure that no token holder is denied milk altogether, no relative records were available to indicate the effectiveness of these instructions and the extent to which genuine demand of the token holder was fulfilled. During evidence the Committee have been informed that upto 3 bottles a token holder is ensured full quota and for more than 3 bottles it depends upon the availability of milk supply. The Committee consider that in order to check maldistribution of milk, it is of paramount importance that the depot manager invariably maintains the ticklers showing the tokens presented, quantities authorised and issued and that such ticklers should be checked and countersigned by the field officers during their surprise visits.

[S. No. 69 (Para 5.53) of Appendix III to 46th Report (6th Lok Sabha)]

Action Taken

Generally, full supply of milk is ensured to token holders, but sometimes due to unforeseen circumstances *i.e.* breakdown of the machinery etc. in the Central Dairy, the cut in the supply becomes unavoidable.

[Ministry of Agriculture and Irrigation (Department of Agriculture)
O.M. No. 2-55/77-LD-I, dated 31-7-78]

Recommendation

The Committee would also like the Delhi Milk Scheme to consider the feasibility of displaying at some prominent place at the depot a board showing the supplies received (in bottles), the number of token holders with total requirements registered, etc. This will help in creating confidence among the token holders that their requirement beyond 3 bottles is not being reduced at the discretion of the depot manager.

[S. No. 70 (Para 5.54) of Appendix III to 46th Report (6th Lok Sabha)]

Action taken

The quota of the milk supplied at the depots is shown in the docket showing the No. of crates supplied at the depot and the token holders are thus aware about the exact quota of milk received at the depot. Further, Depot Advisory Committee formed by the token holders are also watching this aspect.

[Ministry of Agriculture & Irrigation (Department of Agriculture) O.M. No. 2-55/77-LD.I, dated 31-7-78]

Recommendation

8.22 The Committee are distressed to note that several items of plant and machinery costing Rs. 41.54 lakhs have been lying idle with the Delhi Milk Scheme since their acquisition. They find that more than a decade has passed since the automatic recrating and decrating machines, milk evaporating plant and cheese plant were acquired by the Delhi Milk Scheme and have not been put to use for one reason or the other. In this context it is relevant to mention that the Public Accounts Committee in their Sixth Report (fifth Lok Sabha) had also stressed the need for utilisation of these machines. The Committee note that despite the fact that the technical experts of the National Dairy Development Board who had inspected the automatic recrating and decrating machines in March, 1975 and recommended their disposal, nothing tangible has been done in this behalf.

8.23 The Committee note that although the Ministry had intimated to them in 1972 that the Milk evaporating plant would be commissioned in about six months, they are surprised to find from the information furnished to the Committee in July, 1977 that it has not been commissioned so far for lack of spare parts. The Committee would like to be informed of the specific steps taken to expedite the commissioning of the plant. The fact that the plant has been lying idle since 1963 and the Delhi Milk Scheme were carrying on without it all these years, gives rise to the doubts in the mind of the Committee whether the purchase of the evaporating plant was absolutely necessary.

[S. Nos. 89 to 90 (Paras 8.22 to 8.23) of Appendix III to 46th Report (6th Lok Sabha)]

Action taken

The Government are considering to use some of the components of the recreating and decrating plants which can be put on the old bottling plant. After that the sanction for the disposal of this plant would be accorded. Government has already taken decision to dispose off the equipment of the Balancing Station and also Cheese Plant. Surplus reports has been sent to DGS&D who are calling tenders for their sale. So far our efforts to commission milk evaporating plant have not succeeded due to non-availability of some of the spare parts. Efforts are being made to import these spare parts.

The matter has already been explained in detail to the P.A.C. separately in response to the recommendation of the P.A.C. in its Sixth report referred to in the para.

[Ministry of Agriculture and Irrigation (Department of Agriculture)
O.M. No. 2-55/77-LD.I, dated 31-7-78]

Recommendation

The Committee note that the Delhi Milk Scheme failed to establish the cheese plant at Bikaner. They also note that efforts are being made to establish it at Mathura and that the sanction of the Government of Uttar Pradesh is awaited.

[S. No. 91 (Para 8.24) of Appendix III to 46th Report (6th Lok Sabha)]

Action taken

It has since been decided not to set up Sheese Plant under DMS. The equipment has since been put up for sale through DGS&D.

[Ministry of Agriculture and Irrigation (Department of Agriculture)
O.M. No. 2-55/77-LD.I, dated 31-7-78]

CHAPTER V

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH GOVERNMENT HAVE FURNISHED INTERIM REPLIES

Recommendation

The Committee would like Government to study the problem in depth and devise a durable solution by which the Delhi Milk Scheme, which has been operating in this milk shed area since 1959, is enabled to get on assured basis the targetted supply of milk. The Committee would like to be informed in detail of the concrete measures taken in this behalf and the results achieved.

[S. No. 33 (Para 3.104) of Appendix III to 46th Report (6th Lok Sabha)]

Action taken

This matter is being referred to the Management Committee of D.M.S. The Ministry of Agriculture and Irrigation want to rationalise the pricing policy as well as the procurement policy for the milk not only for the DMS but for Mother Dairy also as the milk shed for both these dairies is identical, and any variation in pricing by one dairy will have adverse affect on the procurement by the other Dairy. Government of India have also set up a Committee to rationalise and a decision in this regard is likely to be taken shortly. It is expected that the pricing policy and the procurement policy for both the Mother Dairy and the D.M.S. will be finalised shortly. The observation of the P.A.C. will be kept in mind while formulating the procurement and pricing policy.

[Ministry of Agriculture and Irrigation (Department of Agriculture)
O.M. No. 2-55/77-LD.I, dated 31-7-78]

Recommendation

The Committee learn that the Delhi Milk Scheme are maintaining another workshop for repair and maintenance of vehicles, both for milk tankers and vans meant for transportation of milk from milk collection and chilling centres to the Central Dairy and from the Central Dairy to the milk depots. The Committee are unhappy to note that the data relating to petrol/diesel, expenditure on maintenance and repairs, date of condemnation etc. of each tanker and van were not maintained by the Delhi Milk Scheme. Similarly the records maintained for the purpose of utilisation of tyres do not indicate mileage covered by a particular van.

[S. No. 94 (Para 8.37) of Appendix III to 46th Report (6th Lok Sabha)]

Action taken

D.M.S. is maintaining only one workshop which caters to the maintenance of all the transport vehicles of the D.M.S. This observation of the PAC is also being looked into as mentioned in the reply at para 5.57 above. This recommendation of the PAC will be implemented immediately after various institutional checks referred to in para 5.57 above are finalized.

[Ministry of Agriculture and Irrigation (Department of Agriculture)
O.M. No. 2-55/77-LD.I, dated 31-7-78]

Recommendation

Yet, another matter of concern pointed out by the Audit is that the expenditure on the repairs and maintenance indicating the spare parts fitted to the vehicles and the expenditure by way of labour charges has not been worked out by the Delhi Milk Scheme in respect of each vehicle, ostensibly on the ground that this would involve enormous labour and time.

[S. No. 95 (Para 8.38) of Appendix III to 46th Report (6th Lok Sabha)]

Action taken

Reply to paras 5.56 and 5.57 are applicable to this para also.

[Ministry of Agriculture and Irrigation (Department of Agriculture)
O.M. No. 2-55/77-LD.I, dated 31-7-78]

Recommendation

The Committee are further unhappy to note that no standards of consumption of petrol/diesel/engine oil have been laid down. It is, however, observed from the Audit report that the average consumption of petrol/diesel/engine oil per 1000 km. was continuously on the increase during the years 1972-73, and 1973-74 as compared to 1971-72.

[S. No. 96 (Para 8.39) of Appendix III to 46th Report (6th Lok Sabha)]

Action taken

Reply to paras 5.56 and 5.57 are applicable to this para also.

[Ministry of Agriculture and Irrigation (Department of Agriculture)
O.M. No. 2-55/77-LD.I, dated 31-7-78]

Recommendation

The Committee need hardly emphasise that the deficiencies and shortcomings pointed out by the Audit should be looked into urgently for remedial action. In particular, the Committee urge that utmost economy should be affected in the expenditure on repairs/maintenance/overhauling in both

the workshops and in the use of petrol/diesel etc. so that the heavy losses now being sustained by the Delhi Milk Scheme are brought down to the minimum by reducing over-head expenditure.

[S. No. 98 (Para 8.41) of Appendix III to 46th Report (6th Lok Sabha)]

Action Taken

Reply to para 5.56 and 5.57 are applicable to this para also.

[Ministry of Agriculture and Irrigation (Department of Agriculture)

O.M. No. 2-55/77-LD.I, dated 31-7-78]

Recommendation

The Committee would also like to be informed of the institutional arrangements made to monitor and check effectively the operational and maintenance expenditure on the transport vehicles.

[S. No. 99 (Para 8.42) of Appendix III to 46th Report (6th Lok Sabha)]

Action Taken

The Committee will be informed of the institutional arrangements made to monitor and effect the maintenance and operation cost on the transport vehicles immediately after the same are finalised and implemented.

[Ministry of Agriculture and Irrigation (Department of Agriculture)

O.M. No. 2-55/77-LD.I, dated 31-7-78]

Recommendation

The Committee are also perturbed to find that no physical verification of stock of coal has been made since inception to March, 1970 while such verification was required to be conducted twice a year as per the provisions of the Manual of Accounting Procedure. They are not convinced that the physical verification prior to the period 1970 could not be conducted for paucity of staff. They further note that the physical verification of stock of coal conducted in March, 1970 and further scrutiny conducted in September, 1971 revealed a shortage of, 1,778 tonnes of coal valued at Rs. 1.33 lakhs. The Committee would like the Ministry to fix responsibility for the lapse in not undertaking a physical verification of the stock of coal since inception of the Scheme upto March, 1970 which they were required to do under the provisions of the Manual of Accounting Procedure. The Committee would also like the Ministry to take conclusive action against the officers concerned who were found responsible for the shortage detected in the stock of coal after the physical clarification conducted in March, 1970 and in September, 1971. The Committee would also like to know whether the deficiencies have since been re-conciled.

[S. No. 102 (Para 8.53) of Appendix III to 46th Report (6th Lok Sabha)]

Action Taken

A Physical Verification Unit was set up for the first time during February, 1970 on a regular basis. Physical Verification of stores was taken up on regular basis from February, 1970 onwards. All efforts are made to cover the entire range of stores annually. Since no Physical Verification Unit existed prior to 2/70, no responsibility for not carrying out physical verification of coal prior to 1970 can be fixed. As regards the fixation of responsibility for the shortage of 1778 MTS in the Stocks of steam coal the matter has been examined by Committee consisting of two officers of the Ministry. Their report is now under consideration of the Government of India.

[Ministry of Agriculture and Irrigation (Department of Agriculture)
O.M. No. 2-55/77-LD.I, dated 31-7-78]

Recommendation

The Committee note that lists of 1980 slow-moving items of Transport and Dairy Engineering Stores have been prepared and sent to the Technical Officers during May, 1975 and June, 1976 respectively, for certifying about their actually being surplus or excess to the requirements and that further action for their disposal would be taken on receipt of the report of the Officers. The Committee feel concerned about the large number of items of stores lying un-utilised. The Committee would like to know the total value of such stock and the period and reasons for their remaining unutilised. They would also like to be apprised about the recommendations made by the Committee of Technical Officers appointed to go into the matter and the conclusive action taken by the Ministry in pursuance of those recommendations/suggestions to rationalise the inventories and ensure that these are not burdened by acquiring stores for in excess of known requirements.

[S. No. 103 (Para 8.54) of Appendix III to 46th Report (6th Lok Sabha)]

Action Taken

Action is being taken to certify whether any of the items mentioned as slow moving items of transport and Dairy engineering stores are actually surplus or are in excess to requirements.

[Ministry of Agriculture and Irrigation (Department of Agriculture)
O.M. No. 2-55/77-LD.I, dated 31-7-78]

NEW DELHI;

November 27, 1978
Agrahayana 6, 1900 (S)

P. V. NARASIMHA RAO,

Chairman,
Public Accounts Committee.

APPENDIX

Conclusions/Recommendations

Sl. No.	Para No.	Ministry concerned	Conclusions/Recommendations
1	2	3	4
1	1-3	Agriculture and Irrigation (Deptt. of Agriculture)	<p>The Committee are unhappy to note that Government have not furnished Action Taken Notes in respect of 6 recommendations so far. The Committee deplore the inordinate delay on the part of Government in taking conclusive action on their recommendations and apprising them of the final action taken by the Ministry. The Committee desire the Ministry of Agriculture and Irrigation (Department of Agriculture) to furnish expeditiously final replies, duly vetted by Audit, to 6 outstanding recommendations and those recommendations and observations in respect of which only interim replies have so far been furnished.</p> <p>The Audit have intimated that "Action Taken Notes in respect of 97 recommendations of the Committee referred to in paragraph 1.2 of the Report were received by the Director of Commercial from the Delhi Milk Scheme for vetting. These were duly returned to the Delhi Milk Scheme with the remarks, wherever necessary, for revision of the Action Taken Notes. None of the Action Taken Notes were, however, received in this Office for final vetting in accordance with the prescribed procedure...". The Committee take a serious view of it and would like to know the</p>

reasons why the points raised by the Audit were not replied and vetted copies of the Action Taken Notes not furnished to the Committee. This serious lapse on the part of the authorities concerned needs to be looked into for issue of necessary instructions for strict adherence in future.

The Committee had adversely commented upon the delay in the execution of expansion programmes of the Delhi Milk Scheme and had pointed out a number of lapses noticed during the execution of the two expansion programmes. Although the second phase expansion programme was envisaged to be completed during December, 1970, the majority of items included in this programme were acquired, installed or commissioned during the years 1973—75. The Committee had expressed their dissatisfaction that the whole expansion programme was not properly planned and that no sustained efforts were made to achieve the physical results. The Committee had also observed that there were no detailed schedules for completion and commissioning of the various items of work nor were the figures of actual expenditure against the sanctioned estimates available with the Delhi Milk Scheme. The Committee were convinced that had a time-bound programme been drawn up and a careful vigilance kept over the execution, the scheme would have proceeded at a much faster pace and been completed well in time. The Committee had also felt that since the Delhi Milk Scheme continued to be a departmental undertaking under the supervision of the Ministry of Agriculture, that Ministry should have ensured that an integrated scheme was drawn up and Programme Evaluation Review Technique Chart identifying crucial areas for ensuring timely progress prepared and effective action taken to see that the scheme was implemented in an integrated manner as per a time-bound programme.

The Committee are surprised at the reply of the Government that "while undertaking the expansion programme, DMS did not cut down supplying the committed quantities of milk to the citizens of Delhi which left very little time to execute the expansion programme". It was all along envisaged while drawing up the expansion plan that the existing units would continue to work. It is regretted that instead of furnishing replies to the various points raised by the Committee, the Ministry have merely stated "when it was observed that the execution of expansion programme was not progressing satisfactorily, a separate Planning Development and Co-ordination Cell was set up in the Delhi Milk Scheme in 1971". The Committee would like to reiterate their earlier recommendations and observations for which specific replies should be given by the Ministry so as to enable the Committee to identify the precise reasons for the lapses at every stage. The Committee would also like to know as to how far the setting up of a separate Planning Development and Coordination Cell helped in getting the expansion programmes completed expeditiously, as it is seen that even after setting up of the above 'cell' in 1971, the execution programme of some items continued to take time upto 1975.

3 1.10 Agriculture and Irrigation
(Deptt. of Agriculture)

The Indian Dairy Corporation insist on adoption of a bye-law by milk producers cooperative society under which nobody who is not a milk producer and has not supplied milk continuously for 200 days in a year, can be or remain a member of a cooperative society. The Committee had desired in their earlier recommendation that the Delhi Milk Scheme should

also insist for adoption of such a bye-law by milk producers cooperative societies which supplied milk to them. The Committee, however, note from the action taken note furnished to them that the Delhi Milk Scheme has expressed its inability to directly involve itself in the functioning of Cooperatives as these are formed under State Government rules etc. The Committee are not convinced with this plea. They see no reason why the Delhi Milk Scheme can not persuade the concerned State Governments in this regard when the Indian Dairy Corporation had been able to get it done. The Delhi Milk Scheme which is the largest if not the only purchaser of bulk quantities of milk from cooperative societies commands an authority by virtue of which it can insist on the adoption of such bye-laws. The Committee feel that in order to ensure regular supply of milk from the members of the cooperative societies to the Delhi Milk Scheme and check its diversion for other purposes, it is essential that State Governments are persuaded to amend the bye-laws of milk producers cooperatives so that only genuine milk suppliers become members of the co-operative societies.

4

I-13

Do.

The Committee had expressed their dissatisfaction that several milk product units in the organised sector located around the operation areas of Delhi Milk Scheme had turned out products beyond their licensed capacity in violation of the provisions of the licences issued to them. The Committee had deplored the casualness on the part of the authorities concerned in not taking action to enforce strictly the provisions of the licences issued to such units. In the action taken note furnished to the Committee, the Ministry of Agriculture & Irrigation (Department of Agriculture) have tried to justify manufacturers' action on the plea that in

order to achieve greater production, Government allow manufacturers to produce 25 per cent in excess of their licensed capacities. The Committee are pained to note that Government allowed this policy to be followed even in respect of milk product units knowing fully that the Delhi Milk Schemes had been facing great difficulty in procurement of milk because of diversion of milk from the milk shed areas of Delhi Milk Scheme to the milk product factories. In the circumstances, it was expected that care would be taken by Government to check the excess production of the milk product units so that the Delhi Milk Scheme could procure milk to meet their demands fully. Since the Ministry of Agriculture & Irrigation (Department of Agriculture) have stated that the observation of the Committee in this regard has been noted by them for future guidance, the Committee would like to know the specific steps taken by Government to check excess production by the milk product units located around the milk shed areas of Delhi Milk Scheme.

5 1.14 Agriculture and Irrigation
(Deptt of Agriculture)

The Committee had pointed out that one of the effective steps to restrict the procurement of milk by the Milk Product Units could be to demarcate the milk shed areas of Delhi Milk Scheme. In the Action Taken Note furnished to the Committee, it has been stated that the Ministry of Industry is seized of the problem and is considering suitably to amend the Industries (Development and Regulation) Act, 1951 since under the present provisions of the Act no action could be taken against breach of conditions of the licence. The Committee urge that early decision may be taken in the matter so that diversion of milk from the milk

shed areas of Delhi Milk Scheme to the milk product factories is checked immediately.

6 1.15 Do.

The Committee had also desired Government to finalise the proposal of demarcating milk shed areas for each processing unit in and around Delhi expeditiously. In reply, it has been stated that under the Industries (Development & Regulation) Act, 1951, it is not possible to incorporate any new conditions for demarcating areas after the plants have been established. With the setting up of State Dairy Corporations/Federations in the States of Rajasthan, Punjab, Haryana and Uttar Pradesh, Delhi Milk Scheme is procuring milk through these Bodies in bulk directly, thus obviating the need for demarcation of areas for individual dairy plant. The Committee feel that even though at present the Delhi Milk Scheme is procuring milk from State Dairy Corporations etc., the demarcation of the milk shed areas for Delhi Milk Scheme would facilitate procurement of milk exclusively for the Delhi Milk Scheme.

7 1.18 Do.

The Delhi Milk Scheme had sold milk to Rajasthan (Go Sewa Sangh, Bikaner from April, 1969 to December, 1973 for distribution in Bikaner City on the basis of procurement price plus 21.5 paise per litre to cover the handling charges (excluding the overheads). In view of the fact that the cost of handling the milk in Bikaner was higher than the rate of 21.5 paise per litre and the Delhi Milk Scheme suffered a loss of Rs. 0.91 lakh on this account, the Committee had desired to know the circumstances under which the milk was sold to the Sangh at a loss. The Committee find from the Action Taken Note furnished by the Ministry of Agriculture & Irrigation that although the Delhi Milk Scheme had proposed 28 paise per litre to cover the handling

charges, the Management Committee of the Governing Body for Delhi Milk Scheme at its meeting held on 27 January, 1968 had decided to charge 21.5 paise per litre to cover the handling expenses (excluding the over-heads). The Committee regret that Government have not explained the reasons which influenced the Managing Committee not to agree to the proposal put up by the Delhi Milk Scheme. The Committee deplore the perfunctory manner in which their recommendation has been dealt with and continuous efforts made to suppress the facts from them. This gives rise to suspicion that decision to sell milk to Go Sewa Sangh was not made deliberately on merits. The Committee are of the view that members of the then Managing Committee should, in absence of valid reasons, be personally made responsible to make good the loss. The Committee expect that the Ministry of Finance (Department of Expenditure) Public Accounts Committee Cell will issue suitable instructions to the various Ministries so that the replies furnished to the Committee are self explanatory and conclusive.

8 1.21 Agriculture and Irrigation
(Deptt. of Agriculture)

The Committee had pointed out that on account of diversion of fat from raw milk for the production of ghee during 1972-73 and 1973-74 and to make up the resultant shortfall of fat large quantities of butter oil was used for preparation of pasteurised milk. The Committee had, therefore, desired the Delhi Milk Scheme to work out the comparative economics (including foreign exchange implications) of the substitution of fat in raw milk by butter oil in the production of pasteurised milk and use of fat in the raw milk for production of ghee so that butter oil for production of

ghee is used economically, judiciously and also keeping in view health considerations. The Ministry of Agriculture and Irrigation (Department of Agriculture) in their reply have stated that the Management Committee of the Delhi Milk Scheme at its meeting held on 12 October, 1977 had decided that the butter oil will not be used just to bring down the cost of fresh milk. It was also decided that butter oil should be used only when the Delhi Milk Scheme does not get adequate quantities of fat from the procured milk. The Ministry have also stated that the Delhi Milk Scheme is no longer producing ghee and using butter oil. The Committee feel that as the possibility of using butter oil is not ruled out in the event of less availability of fat from the procured milk, it would be proper to work out the comparative economics (including foreign exchange implications) of the substitution of fat in raw milk by butter oil in the production of pasteurised milk as and when the eventuality arises.

9 I.24 Do.

While appreciating the difficulty in maintaining complaint boxes at each Depot, the Committee are constrained to note that Government have not furnished any reply to their specific recommendation that a detailed survey of the depots might be conducted periodically so that the difficulties of the beneficiaries are identified and speedy remedial measures taken thereon. The Committee would like to be apprised of the action taken by Government in this regard.

10 I.27 Do.

The Committee had recommended that in order to check mal-distribution of milk, the depot manager should invariably maintain the ticklers showing the tokens presented, quantities authorised and issued and such ticklers should be checked and countersigned by the field officers during

their surprise visits. The Committee are unhappy to note that the Ministry of Agriculture and Irrigation (Department of Agriculture) have not replied to their specific recommendation and indicated the action taken by them on it. The Committee deplore such an attitude and would like to know without further loss of time whether the depot managers have been instructed to maintain the ticklers as suggested by them and whether the ticklers are checked and countersigned by the field officers while on their surprise visits. The Committee feel that maintenance of ticklers is necessary not only to check mal-distribution of milk but also it reveals whether all the registered token holders are turning up regularly for the milk supply. In case no milk is being supplied regularly against token for some reasonable time, steps can be taken to cancel such tokens.

12 I-33 Agriculture and Irrigation
(Deptt. of Agriculture)

The Committee are unhappy to note that the Ministry of Agriculture and Irrigation (Department of Agriculture) have not advanced any argument for not agreeing to the proposal made by them regarding displaying of a board at the depot showing the supplies received; the number of token holders with total requirements registered etc. In the opinion of the Committee the display of such board would help in creating confidence among the token holders. The Committee need not point out that such boards are displayed even at the chemists, ration and other shops so as to help the customers to know the actual stock position. The Committee, therefore, reiterate their recommendation and would like to be informed categorically whether Government have accepted their recommendation in regard to dis-

play of a board at the depot showing the supplies received (in bottles), the number of token holders with total requirements registered, etc.

II 1-30

Do.

The Committee had noted that several items of plant and machinery costing Rs. 41.54 lakhs were lying idle with the Delhi Milk Scheme since their acquisition. It is regrettable that the Ministry of Agriculture and Irrigation (Department of Agriculture) in their action taken note have not indicated the conclusive action taken by them in regard to use or disposal of the plants and machinery. The Committee need hardly emphasise that all out efforts should be made either to commission the plants or to dispose of the machinery without loss of further time as these have been lying idle for more than a decade.

