

**PUBLIC ACCOUNTS COMMITTEE  
(1972-73)**

(FIFTH LOK SABHA)

**FIFTY-SEVENTH REPORT**

[Action taken by Government on the Recommendations of the Public Accounts Committee contained in their 6th Report (Fifth Lok Sabha) on paragraph 80 of the Audit Report (Civil), 1970 relating to Delhi Milk Scheme].



**LOK SABHA SECRETARIAT  
NEW DELHI**

*December, 1972/Agrahayana, 1394 (Saka)*

*Price : Rs. 1 30 Paise*

**LIST OF AUTHORISED AGENTS FOR THE SALE OF LOK  
SABHA SECRETARIAT PUBLICATIONS**

Sl. No.	Name of Agent	Agency No.	Sl. No.	Name of Agent	Agency No.
<b>ANDHRA PRADESH</b>					
1.	Andhra University General Cooperative Stores Ltd., Waltair (Visakhapatnam)	8	12.	Charles Lambert & Company, 101, Mahatma Gandhi Road, Opposite Clock Tower, Fort, Bombay.	30
2.	G.R. Lakshminpathy Chetty and Sons, General Merchants and News Agents, Newpet, Chandragiri, Chittoor District.	94	13.	The Current Book House, Maruti Lane, Raghunath Dadaji Street, Bombay-1.	60
			14.	Deccan Book Stall, Ferguson College Road, Poona-4.	65
<b>ASSAM</b>					
3.	Western Book Depot, Pan Bazar, Gauhati.	7	15.	M/s. Usha Book Depot, 585/A, Chira Bazar, Khan House, Girgaum Road, Bombay-2 B.R.	5
<b>BIHAR</b>					
4.	Amar Kitab Ghar, Post Box 78, Diagonal Road, Jamshedpur.	37	<b>MYSORE</b>		
			16.	M/s. Peoples Book House, Opp. Jaganmohan Palace, Mysore-1.	16
<b>GUJARAT</b>					
5.	Vijay Stores, Station Road, Anand.	35	<b>RAJASTHAN</b>		
6.	The New Order Book Company, Ellis Bridge, Ahmedabad-6.	63	17.	Information Centre, Government of Rajasthan, Tripolia, Jaipur City.	38
<b>HARYANA</b>					
7.	M/s. Prabhu Book Service, Nal Subzimandi, Gurgaon, (Haryana).	14	<b>UTTAR PRADESH</b>		
			18.	Swastik Industrial Works, 59, Holi Street, Meerut City.	2
			19.	Law Book Company, Sardar Patel Marg, Allahabad-1.	48
<b>MADHYA PRADESH</b>					
8.	Modern Book House, Shiv Vilas Palace, Indore City.	13	<b>WEST BENGAL</b>		
<b>MAHARASHTRA</b>					
9.	M/s. Sunderdas Gianchand, 601, Girgaum Road, Near Princess Street, Bombay-2.	6	20.	Ganthaloka, 5/1, Ambica Mookherjee Road, Belgharia, 24 Parganas.	10
10.	The International Book House (Private) Limited, 9, Ash Lane, Mahatma Gandhi Road, Bombay-1.	22	21.	W. Newman & Company Ltd., 3, Old Court House Street, Calcutta.	44
11.	The International Book Service, Deccan Gymkhana, Poona-4.	26	22.	Firma K.L. Mukhopadhyay, 6/1A, Banchharam Akur Lane, Calcutta-12.	82
			23.	M/s. Mukherji Book House, 8-B, Duff Lane. Calcutta-6	4

CORRIGENDA TO THE FIFTY SEVENTH REPORT OF P.A.C.  
(1972-73) PRESENTED TO THE LOK SABHA ON 18-12-1972

<u>Page</u>	<u>Para</u>	<u>Line</u>	<u>For</u>	<u>Read</u>
2	1.8	2	for consti tution	for the consti tution
7	-	25	fusli	flush
9	1.23	11	handilng	handling
11	-	1	to advice	for advice
11	-	3	delete 'ffiHo	s'
11	-	18	less	loss
13	1.31	7	post office	Post Office
23	-	13	proformo	proforma
34	-	4	fo rtransport	for transport
39	-	24	as	has
43	-	16	Delete 'ladm'	
45	-	4	there	three
50	-	7	Committe	Committee
54	-	24	6.5*	65*

## CONTENTS

	PAGE
COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE (1972-73)	(iii)
INTRODUCTION	(v)
CHAPTER I— Report . . . . .	I
CHAPTER II— Recommendations/ Observations that have been accepted by Government . . . . .	22
CHAPTER III—Recommendations/Observations which the Committee do not desire to pursue in view of the replies from Government . . . . .	46
CHAPTER IV—Recommendations/Observations replies to which have not been accepted by the Committee and which require reiteration . . . . .	48
CHAPTER V— Recommendations/Observations in respect of which Government have furnished interim replies . . . . .	53
APPENDIX : Summary of Main Conclusions / Observations.	57

PARLIAMENT LIBRARY  
(Library & Reference Service)  
Central Govt. Publications.  
Acc No R 376764  
Date 19.12.1972

PUBLIC ACCOUNTS COMMITTEE (1972-73)

CHAIRMAN

Shri Era Sezhiyan

MEMBERS

2. Shri Bhagwat Jha Azad
3. Shri R. V. Bade
4. Shrimati Mukul Banerji
5. Shri Jyotirmoy Bosu
6. Shri K. G. Deshmukh
7. Shri Tayyab Husain
8. Shri Debendra Nath Mahata
9. Shri Mohammad Yusuf
10. Shri B. S. Murthy
11. Shri S. A. Muruganantham
12. Shri Ramsahai Pandey
13. Shri H. M. Patel
14. Shrimati Savitri Shyam
15. Shri Ram Chandra Vikal
16. Shri M. Anandam
17. Shri Golap Barbora
18. Shri Bipinpal Das
19. Shri P. S. Patil
20. Shri Kalyan Roy
21. Shri Swaisingh Sisodia
22. Shri Shyam Lal Yadav

SECRETARIAT

Shri B. B. Tewari—*Deputy Secretary.*  
Shri T. R. Krishnamachari—*Under Secretary.*

## INTRODUCTION

1, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this Fifty-Seventh Report on Action Taken by Government on the recommendations of the Committee contained in their 6th Report (Fifth Lok Sabha) on paragraph 80 of the Audit Report (Civil) 1970 relating to Delhi Milk Scheme.

2. On the 6th June, 1972, an 'Action Taken' Sub-Committee was appointed to scrutinise the replies received from Government in pursuance of the recommendations made by the Committee in their earlier Reports. The Sub-Committee was constituted with the following Members:

Shri B. S. Murthy—*Convener*.

### *Members*

2. Shri Ram Sahai Pandey
3. Shri M. Anandam
4. Smt. Savitri Shyam
5. Shri H. M. Patel
6. Shri Shyam Lal Yadav
7. Shri Bhagwat Jha Azad

3. The Action Taken Sub-Committee of the Public Accounts Committee (1972-73) considered and adopted this Report at their sitting held on the 23rd November, 1972. The Report was finally adopted by the Public Accounts Committee on the 6th December, 1972.

4. For facility of reference the main conclusions|recommendations of the Committee have been printed in thick type in the body of the Report. A statement showing the summary of the main recommendations|Observations of the Committee is appended to the Report.

(vi)

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;  
December 8, 1972.  

---

Agrahayana 15, 1894 (S).

ERA SEZHIYAN,  
Chairman,  
Public Accounts Committee.

## CHAPTER I

### REPORT

1.1. This Report of the Committee deals with the action taken by Government on the recommendations contained in their 6th Report (Fifth Lok Sabha) on paragraph 80 of the Audit Report (Civil) 1970 relating to Delhi Milk Scheme, which was presented to the House on the 15th July, 1971.

1.2. Action Taken Notes have been received on 20th July, 1972 in respect of all the 36 recommendations contained in the said Report.

1.3. Action Taken Notes/Statements on the recommendations of the Committee contained in the Report have been categorised under the following heads:—

(i) *Recommendations/Observations that have been accepted by Government.*

Serial Nos. 1-3, 5-15, 17, 19, 20, 23, 25, 26, 28, 30, 31, 33-36.

(ii) *Recommendations/Observations which the Committee do not desire to pursue in view of the replies of Government.*

Serial Nos. 16 & 21.

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

Serial Nos. 22, 24 & 29.

(iv) *Recommendations/Observations in respect of which Government have furnished interim replies.*

Serial Nos. 4, 18, 27 and 32.

1.4. The Committee hope that final replies in regard to those recommendations to which only interim replies have so far been furnished will be submitted to them expeditiously after getting them vetted by Audit.

1.5. The Committee will now deal with the action taken by Government on some of the recommendations.



## **Proposal to Convert the Delhi Milk Scheme into a Statutory Corporation**

**(Paragraph 1.3—Sr. 1)**

1.6. In paragraphs 1.1 to 1.2 of their 6th Report (Fifth Lok Sabha) the Public Accounts Committee had dealt with the recommendation of an Expert Committee appointed by Government, to convert the Delhi Milk Scheme into a statutory Corporation. Referring to the Bill seeking to establish a Corporation which was introduced on the 4th September, 1970 and was not passed before the dissolution of the Fourth Lok Sabha, the Committee made the following observation in paragraph 1.3 of the Report:

“1.3. The Committee note that the Delhi Milk Supply Corporation Bill, which was introduced on the 4th September, 1970 lapsed consequent on the dissolution of Fourth Lok Sabha. The Committee hope that Government would bring forward a fresh Bill early. The Committee would suggest that a provision should be made therein for audit of the Corporation's accounts by the Comptroller and Auditor General.”

1.7. In their reply the Ministry of Agriculture (Department of Agriculture) have stated as follows:—

“The Government have accepted the recommendation of the Public Accounts Committee and will bring forward a fresh Bill for conversion of Delhi Milk Scheme into a statutory Corporation. A provision will be made in the Bill for audit of the Corporation's Accounts by the Comptroller and Auditor General of India.

The D.M.S. Employees Union who were previously opposed to the conversion of D.M.S. into a Statutory Corporation have now given their consent to such conversion, if adequate safeguards are provided for protecting the service rights of the present employees and further assurance given about certain other related matters. These matters are currently under consideration of Government in consultation with the appropriate authorities. The Bill will be introduced in Parliament soon after this examination is completed.”

**1.8. The Committee would urge Government to come to an early decision in the matter and introduce a fresh Bill for constitution of Delhi Milk Supply Corporation.**

**Working results of the Delhi Milk Scheme**  
(Paragraph 2.24—Sr. No. 2)

1.9. In paragraphs 2.5 to 2.11 of the Report the Committee had dealt with in detail the working results of the Delhi Milk Scheme. Commenting on the cumulative losses since its inception upto 31st March, 1969, the Committee made the following recommendation in paragraph 2.24 of the Report:—

“2.24. The Committee in their Twenty-Seventh Report (Fourth Lok Sabha) took note of the fact that the Delhi Milk Scheme was incurring losses since its inception upto 31st March, 1967. The Committee are disturbed to find that the working results for the subsequent years 1967-68 and 1968-69 have also disclosed losses. The biggest ever loss of Rs. 146.71 lakhs was incurred during 1967-68. The cumulative loss upto 31st March, 1969 amounted to Rs. 417.68 lakhs. The Committee see no justification for losses in a Project of this kind which elsewhere has been found to be profitable for example Kaira District Cooperative Milk Scheme. The Government should keep a close watch on the Scheme taking expert advice as and when necessary as it is of prestigious importance being located in the Capital of the Country. The Committee trust that Government would make fullest use of the expertise on the subject available in the country. During evidence the Committee were informed that the Scheme expected to show profit during 1969-70 partly due to rationalisation of procedures and control over incidental costs and partly due to increase in sale price given effect to from 22nd February, 1969. The Committee subsequently understood from Audit that the proforma accounts for the year 1969-70, as made available to them, showed a net profit of Rs. 73.34 lakhs. In this connection, the Committee would like to be apprised of the extent of profit arising from the operational efficiency and that accruing from increase in the sale price effective from the 22nd February, 1969, or lower cost of procurement of milk, separately. The Committee hope 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.”

1.10. In their reply, the Ministry of Agriculture (Department of Agriculture) have stated as follows:—

“The Government have accepted the recommendation of the Committee and are keeping a close watch on the working of the Scheme and in doing so are obtaining expert advice

and making use of the expertise available in the country. In October 1971, the National Dairy Development Board, a technical body set up by Government for dairy development, were entrusted by Government with the task of studying in detail the working of various Sections of D.M.S. and to suggest ways and means of improving its working in the field of milk collection, milk processing, milk distribution and allied activities in order to effecting economies wherever possible. The technical team deputed by Board has since completed the study and its recommendations are expected to be received shortly. On receipt of these recommendations, appropriate action will be taken by Government in order to ensure that the Scheme functions on a no-profit no-loss basis.

The proforma accounts for the year 1969-70 showed a gross profit of Rs. 105.67 lakhs. After adjustment of the accumulated interest and depreciation of buildings and air conditioning plant for a 10 years period from 1959 to 1968-69, the net profit amounted to Rs. 73.34 lakhs.

In the absence of adequate costing data and maintenance of detailed operationwise commercial accounts by D.M.S. for the year 1969-70, it is not possible for Government to give an accurate break-up of the gross profit of Rs. 105.67 lakhs in respect of (a) operational efficiency, (b) increase in sale price of milk, and (c) lower cost of procurement of milk. It is, however, estimated that but for all these measures taken during 1969-70, the D.M.S. not only would have failed to make a profit of Rs. 105.67 lakhs but would also have incurred a loss of Rs. 103.59 lakhs i.e. the total amount of Rs. 209.26 lakhs. A rough break-up of this amount on account of (a), (b) and (c) has been worked out as Rs. 65.16 lakhs, Rs. 112.73 lakhs and Rs. 31.37 lakhs.

1.11. The Committee note that the National Dairy Development Board have been entrusted with the task of studying in detail the various sections of the Delhi Milk Scheme and to suggest ways and means of improving its working in order to effect economy wherever possible. The Technical team deputed by the Board has completed the study and its recommendations are expected to be received shortly. On receipt of the recommendations action will be taken by Government in order to ensure that the Scheme functions on a no profit no loss basis. The Committee would like to be apprised of the findings of the technical team and the action taken thereon by Government. In his connection the Committee desire to reiterate that the accumulated losses should be recouped early.

1.12. The Committee observed that in the absence of adequate costing data and maintenance of detailed operation-wise commercial accounts by the Delhi Milk Scheme for the year 1969-70, it is not possible for Government to give an accurate break-up of the gross profit of Rs. 105.87 lakhs as arising out of (i) improvement in operational efficiency, (ii) increase in sale price, and (iii) lower cost of procurement of milk. The Committee desire that necessary costing data should be maintained by the Scheme in future.

**Over head charges—(Paragraph 2.29 Sr. No. 7)**

1.13. Commenting on the rising trend in procurement, transportation, processing, distribution and overhead expenses, the Committee observed in paragraph 2.29 of the Report as under:

“2.29. It was urged before the Committee during evidence that the norms laid down in 1964 could not be compared with the expenses in later years. Further according to Government, the correct method of assessment of unit cost of processing, distribution and other overheads could be on the basis of total quantity of all types of milk—standard, toned and double-toned—manufactured and sold by the Scheme whereas Kurien Committee had taken the quantity of fresh milk received as the basis. The Committee would suggest that revised norms, if necessary, may be worked out on a comparable basis for various stages of operation by an independent expert in association with a person well versed in cost accounts.”

1.14. In their reply the Ministry of Agriculture (Department of Agriculture) have stated as follows:—

“The Government have accepted the suggestion of the Committee and have entrusted the National Dairy Development Board—an independent body—with the task of studying in detail the working of various Sections of D.M.S. including, inter-alia, fixing revised norms in the context of the present day costs and wages.”

1.15. The Committee would like to be informed of the revised norms fixed and how they compare with the actual costs.

**Milk procurement—optimum utilisation of the plants throughout the year—(Paragraph 3.33—Sr. No. 8)**

1.16. In paragraphs 3.5 to 3.14 of the Report the Committee have dealt with in detail the procurement of milk by the Delhi Milk Scheme in order to ensure optimum utilisation of the plants

throughout the year and to reduce the unit cost of milk and milk products. Referring to the measures taken by the Scheme in this regard, the Committee made the following observation in paragraph 3.33 of the Report.

“3.33 The Committee wish to point out that adequate procurement of milk is the very basis of satisfactory working of the Scheme. The Delhi Milk Scheme has since purchased a spray drying equipment to take additional supplies of milk during winter months and convert into skimmed milk powder for utilisation during summer months and the equipment was expected to be commissioned by March, 1971. Latest position has not, however, been intimated by Government. The Committee expect that the Scheme would take appropriate measures to step up procurement of milk in order to ensure optimum utilization of the plants throughout the year and to reduce the unit cost of milk and milk products.”

1.17 In reply the Ministry of Agriculture (Department of Agriculture) have stated as follows:—

“The Government have accepted the recommendation of the Committee that appropriate measures should be taken to step up the procurement of milk by Delhi Milk Scheme. A few of the measures adopted include—

- (1) Increasing milk production through provision of technical inputs in the milkshed areas under Intensive Cattle Development Programme already in operation and the recently started Operation Flood Programme;
- (2) Intensifying efforts for milk procurement from milkshed areas including cow's milk from Bikaner (Rajasthan) and condensed milk from Mehsana (Gujrat) by establishment of new milk collection and chilling centres and the construction of rail and road tankers;
- (3) Incentives to existing supplies for undertaking additional supplies of milk;
- (4) Moving the Governments of U.P. and Haryana to organize milk procurement through cooperatives of milk producers, with the assistance of National Dairy Development Board;

- (5) Preventing the setting up of new milk products factories in the milkshed area of Delhi Milk Scheme by requiring all new milk products factories, irrespective of the value of their fixed assets, to take out industrial licences under the Industries (Development and Regulation) Act.
- (6) Requiring National Dairy Development Board to demarcate milk-shed areas amongst the milk products factories already licensed and operating in the milk-shed of D.M.S.

Incidentally, the D.M.S. milk plant is working to its optimum milk processing capacity even though procurement of fresh milk by D.M.S. has declined in recent years. The shortfall in milk procurement is made good by utilization of increased quantities of s.m.p. and butter oil/white butter.

The imported Spray Drying Plant could not be commissioned for want of four milk pumps and some spare parts, which were lost in transit from Sweden. After protracted correspondence the replacements were received from abroad in April, 1972. The Spray Drying Plant has been erected and will become fully operational after installing a small electric plate, which is being got manufactured locally. The Spray Drying Plant is expected to commence functioning from the next fusli season beginning from the winter of 1972."

**1.18. The Committee note that the Sprav Drying Equipment which was expected to be Commissioned in March, 1971, is now expected to commence functioning in winter of 1972. The Committee trust that its commissioning would not be further delayed.**

#### **Intensive Cattle Development Projects (Paragraph 3.36 Sr. No. 11)**

1.19. Referring to the progress made in the setting up of Intensive Cattle Development Projects centrally sponsored in the districts of Meerut in U.P., Gurgaon and Karnal in Haryana and Bikaner in Rajasthan, the Committee observed in paragraph 3.36 of the Report as under:

**3.36. The Committee could not get any idea about the increase in the yield of milk consequent on the implementation of the cattle development projects. The witness informed**

the Committee that Government do not have a proper scientific assessment machinery under the statistical organisation to answer the question about improvement in milk production.' The Committee are unhappy about the inadequacy of the existing Government machinery in this regard. As these projects are centrally sponsored, the Committee feel that it is the responsibility of the Centre to ensure that these yield satisfactory results. In this connection the Committee would suggest that a periodical survey should be undertaken in the four ICDP areas so as to determine the extent of increase in milk production and devise further measures, in the light thereof to achieve higher production."

1.20. In reply, the Ministry of Agriculture (Department of Agriculture) have stated as follows:—

"The Government have accepted the recommendation of the Committee that the existing Government statistical machinery should be strengthened to determine the extent of increase in milk production and also to enable Government to decide on further measures to achieve higher production. A nucleus statistical staff has since been appointed in each of the four Central ICD Projects for assessing and evaluating the progress of these projects. This staff have started the survey work under the technical guidance of the Statistical Section of the Animal Husbandry Division of the Deptt. of Agriculture. A survey carried out at Meerut in U.P. by the State Department of Animal Husbandry some time ago has shown that the milk yield of cows and buffaloes in that area has increased. A survey, for which a formal report is still awaited, carried out in the Karnal ICD Project also gives indication of the increase in milk production. Separately, the Programme Evaluation Organization of the Planning Commission has carried out survey in the four Central ICD Projects with a view to ascertaining the impact of cattle development activities undertaken in these projects on milk production and development of cattle and their report is expected to be received shortly. This Report will give a comprehensive idea about the increase in productivity of cattle and milk production in these areas."

1.21. The Committee would like to urge that the Report of the Programme Evaluation Organisation of the Planning Commission

should be obtained early and such follow up action as may be necessary taken to improve milk production commensurate with the expenditure incurred on the Central Intensive Cattle Development Projects.

**Process/Transit Losses—Fixation of Norms  
(Paragraph 4.30—Sr. No. 13)**

1.22. Commenting on the loss and wastage of milk and other products during handling, processing and distribution, the Committee made the following observation in paragraph 4.30 of the Report:—

“4.30. The Committee note that the norm for loss of fat from the stage of procurement upto the receipt in Central Dairy has been fixed as 1 per cent with effect from 1st July, 1970 and that loss during processing has been fixed as 1 per cent during summer months and 2.5 per cent during winter months subject to an over all loss of 2 per cent in the year with effect from 1st June, 1970. The Committee would like to stress that the losses should be reduced to the minimum and that the norms fixed should be periodically reviewed with a view to refixing them at the lowest possible level. In this connection it is worthwhile undertaking a comparative study of norms fixed by various milk schemes in the country after obtaining the particulars from the schemes from which they are yet to be received by the Delhi Milk Scheme.”

1.23. In reply, the Ministry of Agriculture (Department of Agriculture) have stated as follows:—

“The Government accept the recommendation of the Committee that losses in handling and processing should be reduced to the minimum and that the norms fixed should be periodically reviewed. Accordingly, handling losses from purchase of fat at the milk collection and chilling centres to its receipts at the Central Dairy are being reviewed regularly at the end of every month by Chairman, D.M.S. and suitable action is taken against persons responsible whenever handling losses exceed the norms. However, in relation to the processing losses in the Central Dairy in accordance with the norms fixed by Government in August, 1971, the Delhi Milk Scheme is experiencing certain practical difficulties which stand in the way of accurately estimating the losses stage-wise. Steps are being taken to overcome these difficulties and some of the con-



nected issues have also been referred to advice to the Expert Team deputed by National Dairy Development Board.

2. As regards comparative study of the norms fixed by various schemes, the position is indicated below:—

- (i) *Anand Dairy*.—They produce different types of milk products simultaneously. No norms for handling losses have been fixed by them.
- (ii) *Bombay Dairy*.—No norms have been fixed for handling losses from the point of purchase to the point of receipt at the Dairy. In respect of milk received from Anand a tolerance limit of 0.2 per cent fat is permissible. Norm for handling losses of milk at Dairy is 0.25 per cent of total quantity handled. Over and above this, a norm of 0.5 per cent has been fixed for curdling and separation losses subject to a total of Rs. 500/- for a day.
- (iii) *Calcutta Dairy*.—Practical experience has shown 1 per cent less for each stage of handling. No norm as such has yet been fixed by Government.
- (iv) *Madras Dairy*.—Norm of 1 per cent for handling loss in terms of milk from collection point to Central Dairy has been fixed in case of transportation by lorry and 0.75 per cent in case of transportation by road tankers. Besides, at Central Dairy 1 per cent for handling loss in terms of milk and 0.25 per cent for sampling loss have also been fixed as norms.

The indications provided by these dairies however, do not help Delhi Milk Scheme much in evolving a suitable norm in as much as these dairies produce either Milk or products exclusively while Delhi Milk Scheme is a composite dairy producing both milk and milk products."

1.24. It has been stated that there are some practical difficulties which stand in the way of accurately estimating processing losses stage-wise and some of the connected issues have been referred for advice to the Expert Team deputed by the National Dairy Development Board. The Committee wish to stress that these difficulties should be resolved and realistic norms fixed soon for efficient control.

**Process/Transit loss—Transit loss in respect of Cow-milk transported from Bikaner to Delhi (Paragraph 4.32—S. No. 15)**

1.25. Drawing attention to the transit loss in respect of cow's milk transported from Bikaner to Delhi during 1968-69, the Committee, in paragraph 4.32 of the Report made the following observation.

“4.32 The Scheme has sustained an extraordinary loss of milk in transit from Bikaner during 1968-69. The loss subsequent to September, 1968 is not susceptible of assessment as the weighbridge is stated to have gone out of order in October, 1968. While the peculiar conditions under which milk is procured and transported from Bikaner may warrant a slightly increased loss over the norm of 1 per cent fixed by the Scheme—which, however, is not borne out by the low percentage of loss during 1966-67—such high percentage of loss in 1968-69 cannot be regarded as inescapable transit loss. The Committee were informed during evidence that some theft could not be ruled out although there was no specific case brought to the notice of the Scheme. The Committee would like an investigation to be undertaken into the circumstances that led to such extraordinary losses during 1968-69 and appropriate action taken against the officials concerned. The Committee hope that the weighbridge would be repaired and brought into use forthwith and that care would be taken to ensure that it does not go out of order.”

1.26. In reply, the Ministry of Agriculture (Department of Agriculture) have stated as follows:—

“As recommended by the Public Accounts Committee, a Committee has been constituted in Delhi Milk Scheme to investigate into circumstances that led to relatively higher transit losses of milk from Bikaner during 1968-69. Appropriate action will be taken on receipt of the Committee's report.

The weighbridge was repaired in September, 1969 and since then it has been working satisfactorily. Alternative weighing arrangements have also been made to meet emergencies in the event of present weigh-bridge going out of order.”

**1.27. The Committee would like to be apprised of the findings of the Enquiry Committee which need to be expedited and the action taken by Government against the officials responsible for the transit losses.**

**Distribution and sale—supply of milk to the Delhi City  
(Paragraph 56—S. No. 17)**

1.28. Referring to the supply of good wholesome milk to the Delhi City, meeting its requirement fully, the Committee made the following observation in paragraph 5.6 of the Report:—

“5.6. In keeping with the objective of the Scheme of supplying good wholesome milk at a reasonable price to the consumer, the Scheme should be able, ere long, to meet the demands of the consumers in Delhi in a better way. The Committee find that as against the total estimated requirement of milk for Delhi city of 7,00,000 litres per day at the end of 1974-75 the Scheme was able to supply to the extent of 2,27,636 litres and 2,57,118 litres only during 1968-69 and 1969-70 which worked out to respectively 32.5 per cent and 36.7 per cent of the requirement. With the anticipated increase in the processing capacity consequent on the installation of a spray drying equipment, the Committee hope that the supply position would show substantial improvement.”

1.29. In reply, the Ministry of Agriculture (Department of Agriculture) have stated as follows:—

“Additional plant and machinery is being installed in the Delhi Milk Scheme. Milk Plant in order to increase its handling capacity to 3,75,000 litres by the end of this financial year. Simultaneously, Government have approved a proposal for setting up a second Recombining (mother) dairy in Delhi under Operation Flood, with a handling capacity of 4,00,000 litres of milk a day, which is expected to be completed during 1973-74. The supplies of milk from the two Public Sector dairies can meet fully Delhi's requirements of 7,00,000 litres of milk by the end of 1974-75.”

**1.30. The Committee note that the increase of the capacity of the existing Dairy to 3,75,000 litres is expected to be achieved by the end of financial year 1972-73 and that completion of the second Recombining (mother) Dairy with a capacity of 4,00,000 litres is ex-**

pected during 1973-74. According to Government, the supplies of the two Public Sectors Dairies can meet fully Delhi's requirement of 7,00,000 litres of milk by the end of 1974-75. The Committee hope that the targetted increase in capacity would be achieved according to schedule. They would like to be apprised of the progress made in this regard.

**Defalcation—(Paragraph 5.26—S. No. 22)**

1.31. Referring to the case of defalcation, involving Rs. 4570|-, the Committee in paragraph 5.26 of the Report observed as follows:—

“5.26. One of the cases of loss of cash relates to the security deposits recovered in instalments from Depot Managers and kept in the premises of Delhi Milk Scheme pending deposit in the post office savings bank. The Committee would like to know whether there was any delay in depositing the amount in the savings bank and if so, why.”

1.32. In reply, the Ministry of Agriculture (Department of Agriculture) have stated as follows:—

“The commission from which securities are deducted is paid to the depot staff on 7th of each month. The amount so collected is required to be deposited along with the Acquittance Rolls by the cash clerks by 15th of each month. On 16th of each month the pass books, along with a duplicate list containing details of deposits in the Saving Bank Accounts of each depot agent from whom deduction has been made, are sent to the Post Office for verification and making necessary entries therein. The total amount of the deposits is to be handed over on the 26th of each month. This procedure was finalised in consultation with the Sr. Superintendent of Post Office, Delhi Division in July, 1967. As the number of depots is quite large, the post office normally takes two days to complete the entries in the pass books. In this particular case, it is seen that the deposits had not been made on 26th for some reason or other. 27th April, 1968 was Saturday which was a half working day for the Post Office and 28th April, 1968 was a Sunday. The theft therefore came to notice of the Accounts Officer only in the morning of 29th April, 1968.”

1.33. No specific reason has been given for the failure to deposit the money in the Post Office on the due date i.e., 26th April, 1968. Money could have been deposited on the 27th April, 1968, which was Saturday and a half working day for the Post Office. The Committee, however, note that as the amount was not covered by the comprehensive policy taken by the Scheme with the Life Insurance Corporation, no claim was registered with the Life Insurance Corporation and that the possibility of recovering the amount is under examination. The Committee suggest that necessary steps should be taken to recover the money as early as possible. Suitable remedial measures should also be taken to prevent recurrence of such cases.

**Supply of skimmed milk powder by the World Food Programme authorities—(Paragraphs 6.23 and 6.24—Sr. Nos. 25-26)**

1.34. In paragraphs 6.3 to 6.21 of the Report the Committee have dealt with in detail the agreements executed between Government and the World Food Programme authorities regarding supply of skimmed milk powder to the Scheme. Referring to the first agreement No. 233, executed in November 1964, the Committee, in paragraphs 6.23 and 6.24 of the Report, observed as under:—

“6.23. Although the first agreement (No. 233) was executed in November, 1964 with an obligation to set up a revolving fund, it is regrettable that no such fund has been set up as yet, with the result that implementation of a desirable scheme of cattle development could not be taken up. The question of accounting procedure, which is stated to have delayed the setting up of a fund, should be settled expeditiously in consultation with Audit.

6.24. The Committee observe that a Dairy Development Project at Rohtak estimated to cost Rs. 47.10 lakhs has since been sanctioned and that the Chairman, Delhi Milk Scheme has been entrusted with the responsibility for the implementation of the scheme in consultation with the Haryana Government. The Committee would like to know the details and the progress of implementation of the Scheme. The Committee hope that similar schemes sanctioned for various other milk schemes in the country will also be implemented expeditiously.”

1.35. In reply, the Ministry of Agriculture (Department of Agriculture) have stated as follows:—

“Though in terms of the agreement in respect of W.F.P. Project 233, a revolving fund was to be created, the same could not be done due to certain accounting difficulties. However, when in 1967 Project No. 348 came into operation, funds remaining unspent under Project-233 merged in the funds generated from the sale of W.F.P. portion of toned or double toned milk under Project 348. An accounting procedure for the setting up of a separate fund in the States has been finalised in consultation with the C&A.G. of India.

As regards Delhi Milk Scheme, although no separate fund has been set up, the sale proceeds of W.F.P. donated s.m.p. have continued to be shown as a liability in the proforma accounts of the Delhi Milk Scheme. The total amount of funds generated upto 31-12-69 under Project 233 and 348 were as follows:—

Made available up to 31-12-69	
1. Under WFP Project 233	— Rs. 14,52,242.77
2. Under WFP Project No. 348	— Rs. 32,80,853.00
	<hr style="width: 100%;"/>
Total :	Rs. 47,33,095.77
	<hr style="width: 100%;"/>

On disposal of about 443.106 tonnes of s.m.p. received under WFP 348 which had been found unfit for human consumption, a further sum of Rs. 6.55.592.52 has been added to this generated fund.

With a view to utilising the sale proceeds accumulations in the accounts of D.M.S. Govt. approved a scheme in September, 1970 involving an expenditure of Rs. 47.10 lakhs for cattle development and dairy extension in selected areas in Rohtak district in Haryana State. The scheme has sanctioned envisaged loans to the dairy farmers for purchase of milch cattle, setting up of a feed mixing plant and extension of mobile veterinary services to the dairy farmers. Subsequently, however, it was thought that some of these activities could be entrusted more appropriately to the State Govts. and that the role which D.M.S. should play in such cattle development activities

should be defined more precisely. A revised proposal has since been formulated by Delhi Milk Scheme in April, 1972 spelling out the precise involvement of D.M.S. in the various cattle development activities not only in Rohtak but also in other milk shed areas of D.M.S., namely, Meerut and Bulandshahr in U.P., Bikaner, Alwar and Bharatpur in Rajasthan and Gurgaon, Rohtak and Karnal in Haryana. Under the revised Scheme, loans are proposed to be given to milk producers cooperative societies, incentive commission to cooperative societies, transportation assistance to cooperatives, financial assistance for feed and fodder development and establishment of bulk cooling centres, field publicity and veterinary services, etc. The revised scheme has been examined by the National Dairy Development Board and will now be considered at the next meeting of the Management Committee of D.M.S.

As regards utilisation of the funds generated from the sale of WFP commodities in the States, a statement showing the position as on 31-3-1972 is enclosed (Page 40)."

**1.36. The Committee note that accounting procedure for setting up of a separate fund in the States has been finalised in consultation with the Comptroller and Auditor General of India. The Committee would like to suggest that the setting up of a fund should be expedited.**

**1.37. The Committee further note that a revised scheme, spelling out the precise involvement of Delhi Milk Scheme in the various cattle development activities, has been examined by the National Dairy Development Board and that it has to be considered by the Management Committee of the Delhi Milk Scheme. The Committee would like to suggest that the revised scheme should be finalised expeditiously.**

**Idle Plant and machinery (Paragraphs 7.15 to 7.17—Sr. Nos. 27-29)**

1.38. In paragraphs 7.3 to 7.14 of the Report, the Committee commented on some of the items of equipment which had not been put to use. In this connection the Committee made the following observations:—

**"7.15. The Committee find that the attempts of the Delhi Milk Scheme to dispose of the automatic decrating and recrating machine did not succeed and that efforts are being made**

to put them to use after procuring plastic crates. The Committee would like to know the progress made in regard to utilisation of the machine.

7.16. It is unfortunate that the Scheme went in for such a sophisticated equipment as milk evaporating plant on the advice of a foreign expert without examining its immediate utility and consequently the equipment had not been put to use since 1962-63. The Committee need hardly stress that recommendation of foreign experts should henceforth be carefully shifted by National Dairy Development Board/Indian Dairy Corporation to ensure their suitability under the present Indian conditions.

7.17. A cheese plant procured on a high priority basis at a cost of Rs. 3.80 lakhs in the year 1965 is yet to be installed. The Committee are not fully convinced of the soundness of the original proposal to instal the plant in Delhi. It is not clear as to why the order for it could not be cancelled when the Kurien Committee recommended the cancellation in 1964. The Committee note that the Scheme expect to instal the plant at Bikaner as per the alternative suggestion of the Kurien Committee in about two years' time. It was admitted during evidence that the plant might become obsolete on account of delay in its installation. The Committee hope that such instances of bad planning will not recur.

In respect of all the three cases mentioned above, the Committee would like the responsibility for the procurement of the plant|machinery to be fixed and the fact intimated to them."

1.39. In reply, the Ministry of Agriculture (Department of Agriculture) have stated as follows:—

"7.15. While the question of utilisation of the automatic decrating and recrating machine was being reviewed in Delhi Milk Scheme a fire took place on 28th July, 1971 in the transport shed of Central Dairy where the wooden crates containing parts of these machines had been stored. As a result of this fire, some crates were burnt and many parts of the 4 sets of decrators and recrators got damaged. The Police authorities who were asked to investigate the causes of the fire including as to whether there was any possibility of a 'mischief', the Police reported on 6th May,



1972 that after investigation they had closed the case as they do not suspect criminal act on the part of any person.

Immediately after the fire, a Committee had also been constituted by the Chairman, Delhi Milk Scheme comprising Senior Dairy Engineer, Transport Engineer and Controller of Stores to assess the damage to the recrating and decrating machines as a result of the fire. According to the Committee, the loss would be of the order of about Rs. 2 lakhs. Ministry have advised the Chairman, Delhi Milk Scheme to get examined the damaged caused to the decrating and recrating machines by the Experts Team of N.D.D.B. and also to obtain their advice regarding the repair|utilisation|disposal of the machines. The matter was referred to the N.D.D.B. in April, 1972. When the Expert Team of N.D.D.B. visited Delhi Milk Scheme in June, 1972, they were again requested to examine the machines and advise on the repair|utilisation|disposal thereof. Further action will be taken on receipt of their recommendations.

7.16. The milk evaporating plant was actually installed and commissioned in the year 1963, but on account of the excessively high water consumption, its use was discontinued. When the total handling capacity of D.M.S. was increased as a part of this expansion programme, it was proposed to instal another milk evaporator. As such, it was felt that a water recirculation system should be developed for both the evaporators to economise on costs and make the proposition more practical. Action has already been initiated, the water recirculation system has been installed and both the evaporators are expected to be commissioned in about 6 months time.

Action to procure new items of machinery and equipment is now generally being taken by Delhi Milk Scheme on the advice of the experts attached to the National Dairy Development Board|Indian Dairy Corporation, as well as United Nations Experts assigned to India.

7.17. "The Cheese Plant purchased in 1964 was originally intended to be installed at Central Dairy and the order for the cheese plant was placed by the D.G.S.&D. on M|s. Vulcan Trading Co. (Pvt.) Ltd. on 23rd March, 1964. However, an Expert Committee presided over by Dr. Kurien advised

in August, 1964 that it would be best if the order for the cheese plant could be cancelled without any financial implications. If this was not possible then the cheese making equipment could be installed at Bikaner. Procurement action was, however, at an advance stage. Delhi Milk Scheme could not succeed in getting the order cancelled or postponed as the firm had informed that they are awaiting shipping advice from the Manufacturer. The matter was considered by the Management Committee in its 15th Meeting held on 6th November, 1964 and it was decided that since the order had been placed, equipment might be allowed to come. It was also decided to instal the plant at Bikaner. Nearly all the machinery and equipment for the Bikaner Balancing Station have since been procured. With the introduction of the Operation Flood Programme State Governments|State Cooperatives would operate the feeder balancing Station located in that State.

The question as to whether the Delhi Milk Scheme or the Government of Rajasthan should set up the Balancing Station at Bikaner is yet to be decided. As soon as a final decision regarding the agency which would undertake this project, is taken, it will be possible to establish the Balancing Station and also to instal the cheese plant.

In view of the foregoing clarifications, the plant and machinery in question could not be installed due to circumstantial and technical factors and no person can be held responsible on this account. The Government are, however, looking into the circumstances about the soundness of the original proposal to instal the Cheese Plant in D.M.S. and will fix responsibility if the initial planning is found to be unsound."

1.40. The Committee note that the question as to whether the Delhi Milk scheme or the Government of Rajasthan should set up the Balancing Station at Bikaner, is yet to be decided and that as soon as a final decision is taken in this regard, it would be possible to establish the Balancing Station and instal the cheese plant. The Committee would like to suggest that the final decision should be expedited so that the cheese plant may not become obsolete on account of delay in installation.

1.41. The Committee would like to mention that they had desired that the responsibility should be fixed for injudicious procurement of machinery in all the three cases viz., automatic decrating and recrating machine, milk evaporating plant and cheese plant. However, Government are now looking into this aspect in respect of cheese plant only. The Committee would, therefore, reiterate that the other two cases should also be examined.

**Stores—(Paragraph 8.13—Sr. No. 31)**

1.42. Referring to the reconciliation of Priced Ledgers with the bin card balances, the Committee in paragraph 8.13 of the Report observed as under:—

“8.13. The Committee were informed that the reconciliation of priced ledgers with the bin card balances was in progress. The Committee would like this work to be completed early and the fact of completion intimated to them.”

1.43. In reply, the Ministry of Agriculture (Department of Agriculture) have stated as follows:—

“Posting in the priced stores ledgers maintained in the Cost Accounts Section and Bin Card|Stores Ledgers maintained in the different stores branches are being simultaneously made by DMS on the basis of receipt vouchers and issue vouchers prepared by the Stores Section, copies of which are invariably sent to Cost Accounts Section for posting in the Price Store Ledger, maintained in the Cost Accounts Section. Normally both the records stand to exhibit the same balances for all items of stores unless there are cases of non-availability of receipt and issue vouchers prepared by the Store Section in the Cost Accounts Section, misposting in the dual records due to clerical errors, over and under issue of stores, breaking bulk etc. Though the reconciliation work was being attempted from time to time, the work could not be taken up in continuous and systematic manner so as to ensure that at the end of a particular period, the balances in both the sets of ledgers in respect of items tallied, and as a result the reconciliation work is in arrears for the last few years. With lapse of time, the task of reconciliation is found to be overwhelmingly difficult. However, physical verification of all items of stores was conducted by a Special Verification Team under the orders of the Ministry. The Team, after sustained work in this regard, arrived at specific balances in respect

of different items of stores as on a particular date. These actual balances have been taken for the purposes of making suitable entries in the priced stores ledgers as well as in the unpriced stores ledgers also as on the date in question. It has been decided that the physical verification group under Internal Audit Section of the Scheme will take up reconciliation work periodically in consultation with the Cost Accounts Section and the Stores Branch while conducting actual physical verification.

Since the adoption of physical verification as arrived at by the Special Verification Team, reconciliation between the two sets of ledgers has been done on a regular and systematic basis and reconciliation upto 3/72 has been completed, except in respect of 12 items which are at present under conciliation."

1.44. From the reply furnished by Government, the Committee could not get any idea of the difference between the ground balances as arrived at by the Special Verification Team and the balances shown in the priced stores ledgers and quantity ledgers. The Committee, therefore, desire to know whether the differences had been quantified and investigated.

## **CHAPTER II**

### **RECOMMENDATIONS|OBSERVATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT**

#### **Recommendation**

The Committee note that the Delhi Milk Supply Corporation Bill, which was introduced on the 4th September, 1970, lapsed consequent on the dissolution of Fourth Lok Sabha. The Committee hope that Govt. would bring forward a fresh Bill early. The Committee would suggest that a provision should be made therein for Audit of the Corporation's Accounts by the Comptroller and Auditor General.

[Serial No. 1 (Para 1.3) of Appendix IV to 6th Report  
(5th Lok Sabha)]

#### **Action Taken**

The Government have accepted the recommendation of the Public Accounts Committee and will bring forward a fresh Bill for conversion of Delhi Milk Scheme into a statutory Corporation. A provision will be made in the Bill for audit of the Corporation's Accounts by the Comptroller and Auditor General of India.

The D.M.S. Employees Union who were previously opposed to the conversion of D.M.S. into a Statutory Corporation have now given their consent to such conversion, if adequate safeguards are provided for protecting the service rights of the present employees and further assurance given about certain other related matters. These matters are currently under consideration of Government in consultation with the appropriate authorities. The Bill will be introduced in Parliament soon after this examination is completed.

#### **Recommendation**

The Committee in their Twenty Seventh Report (Fourth Lok Sabha) took note of the fact that the Delhi Milk Scheme was incurring losses since its inception upto 31st March, 1967. The Committee are disturbed to find that the working results for the subsequent years 1967-68 and 1968-69 have also disclosed losses. The biggest ever loss of Rs. 146.71 lakhs was incurred during 1967-68. The

cumulative loss up to 31st March, '69 amounted to Rs. 417.68 lakhs. The Committee see no justification for losses in a project of this kind which elsewhere has been found to be profitable for example Kaira District Cooperative Milk Scheme. The Government should keep a close watch on the scheme taking expert advice as and when necessary as it is of prestigious importance being located in the Capital of the country. The Committee trust that Government would make fullest use of the expertise on the subject available in the country. During evidence the Committee was informed that the Scheme expected to show profit during 1969-70 partly due to rationalisation of procedures and control over incidental costs and partly due to increase in sale price given effect to 22nd February, 1969. The Committee subsequently understood from Audit that the proforma Accounts for the year 1969-70, as made available to them, showed a net profit of Rs. 73.34 lakhs. In this connection the Committee would like to be apprised of the extent of profit arising from the operational efficiency and that accruing from increase in the sale price effective from the 22nd Feb., 1969, or lower cost of procurement of milk separately. The Committee hope 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.

[Serial No. 2 (Para 2.24) of Appendix IV to 6th Report  
(5th Lok Sabha)]

#### **Action Taken**

The Government have accepted the recommendation of the Committee and are keeping a close watch on the working of the Scheme and in doing so are obtaining expert advice and making use of the expertise available in the country. In October 1971, the National Dairy Development Board, a technical body set up by Government for dairy development, were entrusted by Government with the task of studying in detail the working of various Sections of D.M.S. and to suggest ways and means of improving its working in the field of milk collection, milk processing, milk distribution and allied activities in order to effecting economies wherever possible. The technical team deputed by Board has since completed the study and its recommendations are expected to be received shortly. On receipt of these recommendations, appropriate action will be taken by Government in order to ensure that the Scheme functions on a no-profit no-loss basis.

The proforma accounts for the year 1969-70 showed a gross profit of Rs. 105.67 lakhs. After adjustment of the accumulated interest and depreciation of buildings and air conditioning plant for a 10 year period from 1959 to 1968-69 the net profit amounted to Rs. 73.34 lakhs.

In the absence of adequate costing data and maintenance of detailed operation-wise commercial accounts by D.M.S. for the year 1969-70, it is not possible for Government to give an accurate break-up of the gross profit of Rs. 105.67 lakhs in respect of (a) operational efficiency, (b) increase in sale price of milk and (c) lower cost of procurement of milk. It is, however, estimated that but for all these measures taken during 1969-70, the D.M.S. not only would have failed to make a profit of Rs. 105.67 lakhs but would also have incurred a loss of Rs. 103.59 lakhs i.e. the total amount of Rs. 209.26 lakhs. A rough break-up of this amount on account of (a) (b) and (c) has been worked out as Rs. 65.16 lakhs, Rs. 112.73 lakhs and Rs. 31.37 lakhs.

#### **Recommendation**

The Committee note that the Block Assets of the Scheme did not include buildings and air-conditioning plant valued at Rs. 100.97 lacs as on 31st March, 1969 and that consequently the cumulative loss remained understated to the extent of Rs. 31.85 lakhs. The Committee trust that the position would be rectified in the accounts for the year 1969-70.

[Serial No. 3 (Para 2.25) of Appendix IV to 6th Report  
(5th Lok Sabha)]

#### **Action Taken**

The rectification has been duly carried out in the proforma accounts for 1969-70, as desired by the Committee.

#### **Recommendation**

The Committee find that the profitability or other-wise of each of the by-products could not be worked out by the Scheme in the absence of product-wise details of cost of production. The scheme should maintain accounts in a form which will enable working out of individual product-wise loss/profit so that production capacities of products that yield a margin of profit may be fully utilised in the financial interest of the Scheme.

[S. No. 5 (Para 2.27) of Appendix IV to 6th Report  
(5th Lok Sabha)]

### **Action Taken**

The Government have accepted the recommendation of the Committee. With a view to working out the cost of production of milk products on a more accurate basis, necessary instructions have been issued by Chairman, D.M.S. in April, 1972 requiring its Procurement and Processing Branches to compile and maintain the relevant cost and statistical data in such a manner as to enable the Cost Accounts Section to arrive at the cost of production on a more scientific basis. The data so compiled will enable working out of individual product-wise loss|profit and exploitation of the production capacities of the products yielding a margin of profit.

### **Recommendation**

It is disconcerting to observe a rising trend in procurement, transportation, processing, distribution and overhead expenses. The cost of procurement of milk and transportation upto the Central Dairy which ranged from 7.38 paise to 7.87 paise per litre during the four years 1964-65 to 1967-68 suddenly jumped to 9.05 paise in 1968-69 as against a norm of 5.75 paise fixed by the Kurien Committee. Further the cost of processing, distribution and other overheads went up from 14.63 paise in 1964-65 to 18.33 paise in 1968-69 as compared to the norm of 13.05 paise. The Committee need hardly emphasise the necessity for an item-wise control of cost with the help of periodical cost analysis. The Committee have dealt with the deficiencies in this regard elsewhere in this Report.

[S. No. 5 (Para 2.28) of Appendix IV to 6th Report  
(5th Lok Sabha)]

### **Action Taken**

The Government have accepted the recommendation of the Committee that there is need for item-wise control of costs by D.M.S. with the help of periodical cost analysis. Necessary instructions have been issued by the Chairman, Delhi Milk Scheme, in April, '72 requiring its Procurement and Processing Branches to start compiling and maintaining the relevant cost and statistical data in such a manner as to enable the Cost Account Section to arrive at the cost of production on a mothly|quarterly basis. In this connection attention is also invited to the reply given to paragraph 2.27 of the Report.

It may be stated that the norms fixed by Kurien Committee were based on the prices and wages obtaining during 1964, which have since undergone a change. The question of revision of these norms will be considered by Government after a study of the Report of the



National Dairy Development Board who have been entrusted with the task of studying the working of various sections of Delhi Milk Scheme.

### Recommendation

It was urged before the Committee during evidence that the norms laid down in 1964 could not be compared with the expenses in later years. Further according to Government, the correct method of assessment of unit cost of processing, distribution and other overheads could be on the basis of total quantity of all types of milk—standard, toned and double-toned manufactured and sold by the Scheme whereas Kurien Committee had taken the quantity of fresh milk received as the basis. The Committee would suggest that revised norms, if necessary, may be worked out on a comparable basis for various stages of operation by an independent expert in association with a person well versed in cost accounts.

[S. No. 7 (Para 2.29) of Appendix IV to 6th Report  
(5th Lok Sabha)]

### Action Taken

The Government have accepted the suggestion of the Committee and have entrusted the National Dairy Development Board—an independent body—with the task of studying in detail the working of various Sections of D.M.S. including, *inter-alia*, fixing revised norms in the context of the present day costs and wages.

### Recommendation

The Committee wish to point out that adequate procurement of milk is the very basis of satisfactory working of the Scheme. The Delhi Milk Scheme has since purchased a spray drying equipment to take additional supplies of milk during winter months and convert into skimmed milk powder for utilisation during summer months and the equipment was expected to be commissioned by March, 1971. Latest position has not, however, been intimated by Government. The Committee expect that the Scheme would take appropriate measures to step up procurement of milk in order to ensure optimum utilization of the plants throughout the year and to reduce the unit cost of milk and milk products.

[S. No. 8 (Para 3.33) of Appendix IV to 6th Report  
(5th Lok Sabha)]

### Action Taken

The Government have accepted the recommendation of the Committee that appropriate measures should be taken to step up the procurement of milk by Delhi Milk Scheme. A few of the measures adopted include—

- (1) Increasing milk production through provision of technical inputs in the milk-shed areas under Intensive Cattle Development Programme already in Operation and the recently started Operation Flood Programme;
- (2) Intensifying efforts for milk procurement from milk-shed areas including cow's milk from Bikaner (Rajasthan) and condensed milk from Mehsana (Gujarat) by establishment of new milk collection and chilling centres and the construction of rail and road tankers;
- (3) Incentives to existing suppliers for undertaking additional supplies of milk;
- (4) Moving the Governments of U.P. and Haryana to organize milk procurement through cooperatives of milk producers, with the assistance of National Dairy Development Board;
- (5) Preventing the setting up of new milk products factories in the milk-shed area of Delhi Milk Scheme by requiring all new milk products factories, irrespective of the value of their fixed assets, to take out industrial licences under the Industries (Development and Regulation) Act;
- (6) Requiring National Dairy Development Board to demarcate milk-shed areas amongst the milk products factories already licensed and operating in the milk-shed of D.M.S.

Incidentally, the D.M.S. milk plant is working to its optimum milk processing capacity even though procurement of fresh milk by D.M.S. has declined in recent years. The shortfall in milk procurement is made good by utilization of increased quantities of s.m.p. and butter oil/white butter.

The imported Spray Drying Plant could not be commissioned for want of four milk pumps and some spare parts, which were lost in transit from Sweden. After protracted correspondence the replacements were received from abroad in April 1972. The Spray Drying Plant has been erected and will become fully operational

2433 LS-72—3.

after installing a small electric plate, which is being got manufactured locally. The Spray Drying Plant is expected to commence functioning from the next flush season beginning from the winter of 1972.

### **Recommendation**

The Committee are not satisfied with the present arrangement for the procurement of milk under which bulk of the purchase is made on commission basis through middlemen. In the opinion of the Committee, the milk producers should get the benefit in full instead of allowing the middlemen to derive profit. To achieve this end, in close cooperation with the State Governments concerned, the Scheme should encourage establishment of genuine milk producers cooperatives in the milk-shed areas from where milk is at present procured. The organisation of cooperatives, which is one of the aims of the Intensive Cattle Development projects should, receive the priority that it deserves.

[S. No. 9 (Para 3.34) of Appendix IV to 6th Report  
(5th Lok Sabha)]

### **Action Taken**

The Government have accepted the recommendations of the Committee, that the present arrangement for the procurement of milk through middle-men on commission basis should be gradually replaced by procurement of milk directly from the milk producers and that the organisation of genuine milk producers cooperatives should be encouraged in the milk-shed areas in close cooperation with the State Governments concerned.

A few of the measures taken by government to encourage formation of milk producers cooperatives are stated below:

- (1) If a milk producers cooperative society officers to enter into an agreement for regular supply of specified quantity of milk, the supply of milk from that area through contractors is discontinued after expiry of the agreement with the contractor,
- (2) Agreement for supply of milk on the new routes are being executed with the milk producers cooperatives, wherever so organised, in preference to private contractors. The entire milk-shed district of Rohtak has been earmarked for the cooperative societies of milk producers.

- (3) The Governments of U. P. and Haryana have been requested both at the Minister's and official levels to encourage the formation of cooperative societies of milk producers in the milk-shed areas where they do not already exist. The Operation flood programme under which substantial technical in-puts are earmarked for enhancing milk production and procurement is oriented towards procurement of milk through cooperatives of milk producers. Similarly, increasing emphasis is being laid on the organisation of milk producers cooperatives under the intensive cattle development projects in the milk-sheds area of Delhi Milk Scheme.

### Recommendation

In spite of considerable expenditure on the Intensive Cattle Development Projects sanctioned for the milk shed of Delhi Milk Scheme in districts of Meerut in Uttar Pradesh, Gurgaon and Karnal in Haryana and Bikaner in Rajasthan, the Committee do not find any appreciable improvement in procurement. As against a quantity of 3,35,745 quintals of milk purchased in these areas in 1966-67, the quantity procured in 1969-70 was only 3,39,503 quintals. Admittedly the projects are not intensive enough and "there is a tremendous ground yet to be covered." According to the Secretary Department of Agriculture, enough was not being done for the breeding programme and for the fodder and feed. The Committee hope that Government will attend systematically to these shortcomings in the interest of improving milk production.

[S. No. 10 (Para 3.25) of Appendix IV to 6th Report (5th Lok Sabha)].

### Action Taken

The Government have noted the observations of the Committee that the shortcomings in the four Central ICD Projects should be systematically attended to in the interest of improving milk production. Accordingly, measures are being intensified for cross-breeding of cattle with exotic breed; artificial inseminations are being resorted to in larger measure and emphasis is being laid on the feed and fodder development in these areas. It is expected that with the intensification of these measures, the milk production will increase further in these areas. This is already evidenced from the

fact that as against 3,39,503 quintals of milk procured by D.M.S., during 1969-70 from the four ICD projects, the actual procurement made during 1970-71 totalled 5,04,769.29 quintals. This procurement would have been still higher but for the fact that substantial drawals of milk are being made from the Meerut and Karnal districts by existing milk products factories, who because of the larger margin of profit in milk products as compared to liquid milk supply, can afford to pay higher prices as compared to Delhi Milk Scheme. The National Dairy Development Board have been advised to demarcate the milk-shed areas amongst the existing milk products factories and Delhi Milk Scheme to avoid drawal of milk from areas earmarked for Delhi Milk Scheme.

### **Recommendation**

The Committee could not get any idea about the increase in the yield of milk consequent on the implementation of the cattle development projects. The witness informed the Committee that Government "do not have proper scientific assessment machinery under the statistical organisation to answer the question about improvement in milk production."

The Committee are unhappy about the inadequacy of the existing Government machinery in this regard. As these projects are centrally sponsored, Committee feel that it is the responsibility of the Centre to ensure that these yield satisfactory results. In this connection the Committee would suggest that a periodical survey should be undertaken in the four ICDP areas so as to determine the extent of increase in milk production and decide the further measures, in the light thereof to achieve higher production.

[S. No. 11 (Para 2.26) of Appendix IV to 6th Report (5th Lok Sabha)].

### **Action Taken**

The Government have accepted the recommendation of the committee that the existing Government statistical machinery should be strengthened to determine the extent of increase in milk production and also to enable Government to decide on further measures to achieve higher production.

A nucleus statistical staff has since been appointed in each of the four Central ICD Projects for assessing and evaluating the progress of these projects. This staff have started the survey work under the technical guidance of the Statistical Section of the Animal

**Husbandry Division of the Department of Agriculture.** A survey carried out at Meerut in U.P., by the State Department of Animal Husbandry some time ago has shown that the milk yield of cows and buffaloes in that area has increased. A survey, for which a formal report is still awaited, carried out in the Karnal ICD Project also gives indication of the increase in milk production. Separately the Programme Evaluation Organization of the Planning Commission has carried out survey in the four Central ICD Projects with a view to ascertaining the impact of cattle development activities undertaken in these projects on milk production and development of cattle and their report is expected to be received shortly. This Report will give a comprehensive idea about the increase in productivity of cattle and milk production in these areas.

#### **Recommendation**

The Committee were informed that as there was direct departmental procurement at Bikaner, testing of individual supplies of milk, being prohibitively expensive, was not done and that some improvements have been made since January, 1969. The Committee do not approve of the existing arrangement as they consider that the testing is a must to guard against procurement of sub-standard or adulterated milk. The steps taken in this regard may be reported to them.

[S. No. 12 (Para 3.47) of Appendix IV to 6th Report (5th Lok Sabha)].

#### **Action Taken**

Government agree that the testing is a 'must' to guard against procurement of sub-standard or adulterated milk. In the case of procurement from Bikaner area it has been possible to adopt testing of milk village-wise. The payments for the consignments of milk received from each village of Bikaner will now be made on the basis of the fat and SNF content of such milk and penalties will be levied for deficiencies in either fat or SNF in accordance with a scale which would make it unremunerative to adulterate or to dilute the milk. This will act as a deterrent against supply of sub-standard or adulterated milk. The milk received from Bikaner is being test checked gravimetrically in the Quality Control Laboratory of Delhi Milk Scheme. It would suffice if only volumetric tests are carried out at Bikaner as is being done by Delhi Milk Scheme at all the other chilling centres.

As and when the producers constitute themselves into co-operative Societies, it would however be possible for these societies to

take up the testing of individual supplies. The Government of Rajasthan is actively engaged in the process of constituting co-operative societies of milk producers.

### Recommendation

The Committee note that the norm for loss of fat from the stage of procurement upto the receipt in Central Dairy has been refixed as 1 per cent with effect from 1st July, 1970 and that loss during processing has been fixed at 1 per cent during summer months and 2.5 per cent being winter months subject to an overall loss of 2 per cent in the year with effect from 1st June, 1970. The Committee would like to stress that the losses should be reduced to the minimum and that the norms fixed should be periodically reviewed with a view to refixing them at the lowest possible level. In this connection it is worthwhile undertaking a comparative study of norms fixed by various milk schemes in the country after obtaining the particulars from the schemes from which they are yet to be received by the Delhi Milk Scheme.

[S. No. 13 (Para 4.30) of Appendix IV to 6th Report (5th Lok Sabha)].

### Action Taken

The Government accept the recommendation of the Committee that losses in handling and processing should be reduced to the minimum and that the norms fixed should be periodically reviewed. Accordingly, handling losses from purchase of fat at the milk collection and chilling centres to its receipt at the Central Dairy are being reviewed regularly at the end of every month by Chairman, D.M.S., and suitable action is taken against persons responsible whenever handling losses exceed the norms. However, in relation to the processing losses in the Central Dairy in accordance with the norms fixed by Government in August, 1971 the Delhi Milk Scheme is experiencing certain practical difficulties which stand in the way of accurately estimating the losses stage-wise. Steps are being taken to overcome those difficulties and some of the connected issues have also been referred for advice to the Expert Team deputed by National Dairy Development Board.

2. As regards comparative study of the norms fixed by various schemes, the position is indicated below:—

- (i) *Anand Dairy*—They produce different types of milk products simultaneously. No norms for handling losses have been fixed by them.

- (ii) *Bombay Dairy*.—No norms have been fixed for handling losses from the point of purchase to the point of receipt at the Dairy. In respect of milk received from Anand a toleranco limit of 0.2 per cent fat is permissible. Norm for handling losses of milk at Dairy is 0.25 per cent of total quantity handled. Over and above this, a norm of 0.5 per cent has been fixed for curdling and separation losses subject to a total of Rs. 500 per day.
- (iii) *Calcutta Dairy*.—Practical experience has shown 1 per cent loss for each stage of handling. No norm as such has yet been fixed by Government.
- (iv) *Madras Dairy*.—Norm of 1 per cent for handling loss in terms of milk from collection point to Central Dairy has been fixed in case of transportation by lorry and 0.75 per cent in case of transportation by road tankers. Besides, at the Central Dairy 1 per cent for handling loss in terms of milk and 0.25 per cent for sampling loss have also been fixed as norms.

The indications provided by these dairies, however, do not help Delhi Milk Scheme much in evolving a suitable norm in as much as these dairies produce either milk or products exclusively while Delhi Milk Scheme is a composite dairy producing both milk and milk products.

#### Recommendation

The Committee are not convinced of the reasons adduced for not fixing the norms for the transit loss in terms of quantity. The loss of milk in transit from Bikaner has been increasing from 0.3 per cent of the total quantity despatched in 1966-67 to 2.7 per cent in 1968-69 (upto September, 1968). This suggests the need for fixing the norm in terms of quantity also as a check against any possible pilferage, adulteration of fat and loss of SNF content of milk. The Committee observe that the Milk Scheme in Madras has fixed norms in terms of quantity of milk.

[S. No. 14 (Para 4.31) of Appendix IV to 6th Report (5th Lok Sabha)].

#### Action Taken

The Government have accepted the recommendations of the Committee that there is need for fixing the norms for loss in transit from Bikaner in terms of quantity also. The assistance of



N.D.D.B., has been sought by Delhi Milk Scheme in fixing these norms. Meanwhile, lower limits of 0.33 per cent on an average and 0.5 per cent on any single trip have been prescribed by Delhi Milk Scheme as permissible transit losses for transport of milk from Bikaner by road which has since been introduced from June, 1972.

#### **Recommendation**

The Scheme has sustained extraordinary loss of milk in transit from Bikaner during 1968-69. The loss subsequent to September, 1968 is not susceptible of assessment as the weighbridge is stated to have gone out of order in October, 1968. While the peculiar conditions under which milk is procured and transported from Bikaner may warrant a slightly increased loss over the norm of 1 per cent fixed by the Scheme which, however, is not borne out by the low percentage of loss during 1966-67 such high percentage of loss in 1968-69 cannot be regarded as inescapable transit loss. The Committee were informed during evidence that some theft could not be ruled out although there was no specific case brought to the notice of the Scheme. The Committee would like an investigation to be undertaken into the circumstances that led to such extraordinary loss during 1968-69 and appropriate action taken against the officials concerned. The Committee hope that the weighbridge would be repaired and brought into use forthwith and that care would be taken to ensure that it does not go out of order.

[S. No. 15 (Para 4.32) of Appendix IV to 6th Report (5th Lok Sabha)].

#### **Action Taken**

As recommended by the Public Accounts Committee, a Committee has been constituted in Delhi Milk Scheme to investigate into circumstances that led to relatively higher transit losses of milk from Bikaner during 1968-69. Appropriate action will be taken on receipt of the Committee's report.

The weighbridge was repaired in September, 1969 and since then it has been working satisfactorily. Alternative weighing arrangements have also been made to meet emergencies in the event of present weigh-bridge going out of order.

#### **Recommendations**

In keeping with the objective of the Scheme of supplying good wholesome milk at a reasonable price to the consumer. The Scheme should be able, ere long, to meet the demand of the consumers in

Delhi in a better way. The Committee find that as against the total estimated requirement of milk for Delhi City of 7,00,000 litres per day at the end of 1974-75 the Scheme was able to supply to the extent of 2,27,636 litres and 2,57,118 litres only during 1968-69 and 1969-70 which worked out to respectively 32.5 per cent and 36.7 per cent of the requirement. With the anticipated increase in the processing capacity consequent on the installation of a spray drying equipment, the Committee hope that the supply position would show substantial improvement.

[S. No. 17 (Para 5.6) of Appendix IV to 6th Report (5th Lok Sabha)].

#### **Action Taken**

Additional plant and machinery is being installed in the Delhi Milk Scheme. Milk Plant in order to increase its handling capacity to 3,75,000 litres by the end of this financial year. Simultaneously, Government have approved a proposal for setting up a second Recombining (mother) dairy in Delhi under Operation Flood, with a handling capacity of 4,00,000 litres of milk a day, which is expected to be completed during 1973-74. The supplies of milk from the two Public Sector dairies can meet fully Delhi's requirements of 7,00,000 litres of milk by the end of 1974-75.

#### **Recommendation**

The Committee wish to point out that there is much scope for improving the image of Delhi Milk Scheme in regard to quality of its products. As there have been some complaints regarding ghee, the Committee would suggest that there should be a regular procedure of getting the ghee tested in one of the national laboratories and of ensuring strict adherence to quality specifications to inspire confidence.

[S. No. 19 (Para 5.10) of Appendix IV to 6th Report (5th Lok Sabha)].

#### **Action Taken**

The complaints about the quality of ghee marketed by Delhi Milk Scheme in 1969 were due to the fact that ghee in some of the tins had turned rancid due to over-aging. Necessary steps have been taken to ensure that old stocks of ghee are not marketed unless its quality is certified by the quality control laboratory of Delhi Milk Supply.

2. Although the quality control laboratory of Delhi Milk Scheme is fully equipped for quality testing of milk and milk products, Government have decided that ghee marketed by Delhi Milk Scheme should be got agmarked to certify its quality. Necessary formalities are being completed by Delhi Milk Scheme in consultation with the appropriate authorities.

#### Recommendation

The Committee are distressed to find a large number of cases of defalcation and short deposit of cash aggregating over a lakh of rupees. The Committee take a serious view of the lapse in not reporting the cases to the L.I.C., wherever necessary, promptly. The Committee would like to be apprised of further progress made in the realisation of money and also of the outcome of the cases pending in the courts.

[S. No. 20 (Para 5.24) of Appendix IV to 6th Report (5th Lok Sabha)].

#### Action Taken

The cases of defalcation and short deposit of cash aggregating over a lakh of rupees referred to in the report fall under the following two categories:—

- (a) Cases of Short deposits by cash clerks/depot managers amounting to Rs. 78,294 outstanding on 31st October, 1969, and
- (b) Claims pending with L.I.C. (5 cases) amounting to Rs. 20,278.

As regard the cases at (a) above, it may be stated that a sum of Rs. 42,830.55 out of the outstanding amount mentioned has already been recovered (upto 31st May, 1972). Steps are being taken to recover the remaining amount from the officials concerned as early as possible.

As regards the claims pending with the L.I.C., the present position is indicated below:—

#### I. Claim for Rs. 8,798.38 against Shri V. P. Hinduja:—

The entire amount of the claim has been received from the L.I.C. However the appeal filed by the Police authorities in the High

Court on 6-11-1968 against the acquittal of Shri V. P. Hinduja by the Lower Court is still pending.

**2. Claim for Rs. 1,619:55 against Shri S. C. Anand:—**

The L.I.C. have not yet settled this claim. The criminal case filed against Shri Anand by the Police is still pending in the Court of Law.

**3. Claim for Rs. 5,000:23 against Shri R. K. Anand and P. C. Rajput:—**

The I.I.C.A.P. have in principle agreed to pay a part of the claim provided a sum stated to be outstanding on account of premium was paid to them. The matter is being pursued by DMS.

An appeal was filed by Government in the Delhi High Court against the acquittal of Shri Anand by the Lower Court. The High Court confirmed the decision of the Lower Court. However, Shri Anand's services have been terminated under Rule 5 of the Temporary Services Rules.

Shri P. C. Rajput was sentenced by the Delhi Court till the rising of the Court and to pay a fine of Rs. 1,000.

**4. Claim of Rs. 4,570 in respect of Shri Laxmi Narain:—**

As the amount was not covered by the comprehensive policy taken by D.M.S. with the L.I.C., no claim was registered with the L.I.C. The possibilities of recovering the amount are under examination of Delhi Milk Scheme. The police declared the case as untraceable and filed the case. The services of Shri Laxmi Narain were, however, terminated by Delhi Milk Scheme.

**Recommendation**

The Committee hope that the Scheme would tighten up the internal audit in such a way that non-accountal of cash and short deposit of cash are detected and severely dealt with immediately after occurrence as that alone can be an effective deterrent, against such malfeasance. There should also be a system of periodical surprise verification of cash, if it is not already in vogue.

[S No. 23 (Para 5.27) of Appendix IV to 6th Report (5th Lok Sabha)].

### Action Taken

Under the existing procedure non-deposit of cash in respect of each depot is watched on a day to day basis and non-accountal of cash is detected on the same day. For non-deposit|non-collection of sale proceeds every cash clerk has to submit an explanation on a prescribed proforma and after scrutiny of such explanation, disciplinary action when necessary is taken. When cash of an entire route is pending due to the absence of the cash clerk, alternative arrangements are made for the collection of cash on the following day.

As regards short deposits this would be detected by Machine Accounting Section. According to the present procedure discrepancies, if any, are to be brought to the notice of the individual cash clerks within a fortnight and got reconciled by them promptly.

\* Internal Audit Wing of Delhi Milk Scheme have been made responsible for conducting periodical verification of the cash balances with the Cash (R) and Cash (Payment Section). This verification has started on a regular basis from the month of June, 1972.

### Recommendation

Although the first agreement (No. 233) was executed in November, 1964 with an obligation to set up a revolving fund, it is regrettable that no such fund has been set up as yet with the result that the implementation of a desirable Scheme of Cattle Development could not be taken up. The question of accounting procedure, which is stated to have delayed the setting up of a fund, should be settled expeditiously in consultation with Audit.

The Committee observe that a Dairy Development Project at Rohtak estimated to cost Rs. 47.10 lakhs has since been sanctioned and that the Chairman, Delhi Milk Scheme has been entrusted with the responsibility for the implementation of the Scheme in consultation with the Haryana Government. The Committee would like to know the details and the progress of implementation of the Scheme. The Committee hope that similar schemes sanctioned for various other milk scheme in the country will also be implemented expeditiously.

[Sl. No. 25 and 26 (Paras 6.23 and 6.24) of Appendix IV to 6th Report (5th Lok Sabha)]

### Action Taken

Though in terms of the agreement in respect of W.F.P. Project-233, a revolving fund was to be created, the same could not be done due to certain accounting difficulties. However, when in 1967 Project No. 348 came into operation, funds remaining unspent under Project-233 merged in the funds generated from the sale of W.F.P. portion of toned or double toned milk under Project 348. An accounting procedure for the setting up of a separate fund in the States has been finalised in consultation with the C. & A.G. of India.

As regards Delhi Milk Scheme, although no separate fund has been set up, the sale proceeds of W.F.P. donated s.m.p have continued to be shown as a liability in the proforma accounts of the Delhi Milk Scheme. The total amount of funds generated upto 31st December, 1969 under Project 233 and 348 were as follows:—

1. Under WFP Project 233	—	Rs. 14,52,242.77	} Made available up to 31-12-1969.
2. Under WFP Project No. 348	—	Rs. 32,80,853.00	
	Total	<u>Rs. 47,33,095.77</u>	

On disposal of about 443.106 tonnes of s.m.p. received under W.F.P. 348 which had been found unfit for human consumption, a further sum of Rs. 6,55,592.52 has been added to this generated fund.

With a view to utilising the sale proceeds accumulations in the accounts of D.M.S. Govt. approved a scheme in September, 1970 involving an expenditure of Rs. 47.10 lakhs for cattle development and dairy extension in selected areas in Rohtak district in Haryana State. The Scheme as sanctioned envisaged loans to the dairy farmers for purchase of milch cattle, setting up of a feed mixing plant and extension of mobile veterinary services to the dairy farmers. Subsequently, however, it was thought that some of these activities could be entrusted more appropriately to the State Govts. and that the role which D.M.S. should play in such cattle development activities should be defined, more precisely. A revised proposal has since been formulated by Delhi Milk Scheme in April, 1972 spelling out the precise involvement of D.M.S. in the various cattle development activities not only in Rohtak but also in other milk shed areas of D.M.S., namely, Meerut and Bulandshahr in U.P. Bikaner, Alwar and Bharatpur in Rajasthan and Gurgaon, Rohtak and Karnal in Haryana. Under the revised Scheme, loans are proposed to be given to milk producers cooperative societies, incentive commission to cooperative societies, transportation assistance to cooperatives, financial assistance for feed and fodder development and establishment

of bulk cooling centres, field publicity and veterinary services, etc. The revised scheme has been examined by the National Dairy Development Board and will now be considered as the next meeting of the Management Committee of D.M.S.

As regards utilisation of the funds generated from the sale of WFP commodities in the States, a statement showing the position as on 31st March, 1972 is enclosed.

**WFP 348 Project**

**MILK SUPPLY SCHEME**

*Statement showing funds generated, utilised and committed for sanction projects etc. upto 31st March, 1972*

(Rs. in lakhs)

Sl. No.	State/Territory	Funds generated	Funds utilised	Funds committed for sanctioned Projects.	Funds available for proposals yet to be sanctioned
1.	Andhra Pradesh	4.64	3.52	1.12	—
2.	Gujarat	16.69	5.62	1.89	9.18
3.	Madhya Pradesh	1.36	1.13	—	0.25
4.	Maharashtra	99.56	48.56	11.52	39.46
5.	Mysore	5.04	5.04	—	—
6.	Tamil Nadu	8.71	2.52	4.06	5.41*
7.	Uttar Pradesh	5.17	—	—	5.17
8.	West Bengal	65.42	16.05	23.46	25.76*

\*Includes some funds generated through utilisation of W.F.P. foodgrains.

**Recommendation**

It is unfortunate that the Scheme went in for such a sophisticated equipment as milk evaporating plant on the advice of a foreign expert without examining its immediate utility and consequently the equipment had not been put to use since 1962-63. The Committee need hardly stress that recommendation of foreign experts should henceforth be carefully sifted by National Dairy Development|Indian Dairy Corporation to ensure their suitability under the present Indian conditions.

[Serial No. 28 (Para 7.16) of Appendix to 6th Report (5th Lok Sabha)]

### Action Taken

The milk evaporating plant was actually installed and commissioned in the year 1963, but on account of the excessively high water consumption, its use was discontinued. When the total handling capacity of D.M.S. was increased as a part of this expansion programme, it was proposed to instal another milk evaporator. As such, it was felt that a water recirculation system should be developed for both the evaporators to economise on costs and make the proposition more practical. Action has already been initiated, the water recirculation system has been installed and both the evaporators are expected to be commissioned in about 6 months time.

2. Action to procure new items of machinery and equipment is now generally being taken by Delhi Milk Scheme on the advice of the experts attached to the National Dairy Development Board [Indian Dairy Corporation, as well as United Nations experts assigned to India.

### Recommendation

The Committee need hardly emphasise the importance of regular and complete verification of stores and prompt investigation/reconciliation of discrepancies. The Committee hope that this would be ensured in future. The Committee would like to know the outcome of the special stores verification undertaken in October, 1970.

[Serial No. 30 (Para 8.12) of Appendix IV to 6th Report (5th Lok Sabha)].

### Action Taken

Physical verification of Stores on a regular basis was taken up initially with one Stock verifier w.e.f. 1st June, 1971. A second Stock verifier was posted in December, 1971. Till the end of June, 1972 verification of 5128 items out of a total number of approximately 14,000 items of stores had been completed. Discrepancies were noticed in 635 items. Reconciliation/investigation in respect of discrepancies is under progress.

2. The Special Stores Verification Team, appointed by the Government, submitted its report to the Govt. on 31st June, 1971. The Special Team verified 11979 items and discrepancies were pointed out in respect of a total number of 1981 items. Reconciliation of the discrepancies by the Stores Branch of Delhi Milk Scheme is in Progress. After the reconciliation report is received from Store



Branch, the same will be examined by the Internal Audit Wing of D.M.S.

### **Recommendation**

The Committee were informed that the reconciliation of priced ledgers with the bin card balances was in progress. The Committee would like this work to be completed early and the fact of completion intimated to them.

[Sl. No. 31 (Para 8.13) of Appendix IV to 6th Report (5th Lok Sabha)].

### **Action Taken**

Posting in the priced stores ledgers maintained in the Cost Accounts Section and Bin Cards|Stores Ledgers maintained in the different stores branches are being simultaneously made by DMS on the basis of receipt vouchers and issue vouchers prepared by the Stores Section, copies of which are invariably sent to a Cost Accounts Section for posting in the Price Store Ledger, maintained in the Cost Accounts Section. Normally both the records stand to exhibit the same balances for all items of stores unless there are cases of non-availability of receipt and issue vouchers prepared by the Store Section in the Cost Accounts Section, mis-posting in the dual records due to clerical errors, over and under issue of stores, breaking bulk etc. Though the reconciliation work was being attempted from time to time, the work could not be taken up in a continuous and systematic manner so as to ensure that at the end of a particular period, the balances in both the sets of ledgers in respect of items tallied, and as a result the reconciliation work is in arrears for the last few years. With lapse of time, the task of reconciliation is found to be overwhelmingly difficult. However, physical verification of a.l items of stores as conducted by a special Verification Team under the orders of the Ministry. The Team, after sustained work in this regard, arrived at a specific balances in respect of different items of stores as on a particular date. These actual balances have been taken for the purposes of making suitable entries in the priced stores ledgers as well as in the unpriced stores ledgers also as on the date in question.

It has been decided that the physical verification group under Internal Audit Section of the Scheme will take up reconciliation work periodically in consultation with the Cost Accounts Section and the Stores Branch while conducting actual physical verification.

Since the adoption of physical verification as arrived at by the Special Verification Team, reconciliation between the two sets of ledgers has been done on a regular and systematic basis and reconciliation upto March 72 has been completed, except in respect of 12 items which are at present under conciliation.

#### **Recommendation**

The Committee hope that Delhi Milk Scheme would take appropriate steps to settle the Audit Objections promptly.

[S. No. 33 (Para 9.5) of Appendix IV to 6th Report (5th Lok Sabha)].

#### **Action Taken**

Concerted efforts are being made by Delhi Milk Scheme to expedite the disposal of the outstanding audit objections. Out of 99 audit objections raised in the inspection report for the period April '67 to March, '70, 60 have since been settled. Efforts continue to be made to dispose of the remaining audit objections as early as possible.

#### **Recommendation**

The Committee find that the periodical cost statements indicating prime cost and overhead charges etc. are not prepared at present and that the question of streamlining the existing cost system is under consideration. The Committee desire that the cost system should be streamlined early so that a better control of the various elements of cost may be exercised by the Management with a view to affecting economy in the working of the Scheme.

[S. No. 34 (Para 10.5) of Appendix IV to 6th Report (5th Lok Sabha)].

#### **Action Taken**

Delhi Milk Scheme has a full-fledged Cost Accounts Branch under charge of a Class I Officer and supported by necessary staff. This branch has so far been attending to the following:—

- (a) Preparation of yearly proforma accounts of the Delhi Milk Scheme.
- (b) Periodical undertaking of cost analysis of the broad stagewise cost of procurement, processing/manufacture and distribution of liquid milk and milk products.

So long the practice has been to undertake cost analysis and prepare cost statements as and when proposals are prepared for revision of the price of milk and milk products, though after the Proforma Accounts in respect of a particular year have been duly certified by Audit, necessary cost sheets are also prepared. So far as the cost analysis is concerned, the last exercise in this regard was done in respect of the different types of milk and milk products in the first half of 1970-71. DMS, are taking various measures to streamline the accounting system so that a better control of the various elements of cost may be exercised by the Management with a view to effecting economy in the working of the Scheme.

#### **Recommendation**

The Committee are unable to appreciate the continuance of the existing practice of working out the figures of sale by analysing the remittances without reconciling them with the figures of sales as appearing in the daily sales statements. The Committee would therefore, like the Scheme to evolve a suitable procedure to ensure the correctness of the figures of sales shown in the proforma accounts without delay.

[S. No. 35 (Para 11.5) of Appendix IV to 6th Report (5th Lok Sabha)].

#### **Action Taken**

For showing the figures of sales for the purpose of Proforma Accounts, steps have been taken to streamline the existing procedure under the new procedure the Cash Clerks are required to indicate the sale of milk type-wise and also the realisation from the sale thereof. These figures will be sorted out by the Machine Accounting Section|Discrepancy Section.

On the basis of these figures and after adding to these realisations on account of casual supplies and sales and on credit to Institutions, Hospitals etc. final figures of sales will be arrived at for incorporation in the Proforma Accounts. Attempts will be made by DMS to exhibit the figures of sales on the lines indicated above in the Proforma Accounts for the year 1972-73.

#### **Recommendation**

The Committee would like physical verification of fixed assets in the remaining chilling centres as also at the Central Dairy to be completed expeditiously.

[S. No. 36 (Para 11.6) of Appendix IV to 6th Report (5th Lok Sabha)].

**Action Taken**

This matter is being accorded due importance. The physical verification of the assets at the Central Dairy and all the Milk Stalls and all the Milk Collection & Chilling Centres excepting there has been completed. The remaining work is being attended to on a priority basis.

### **CHAPTER III**

## **RECOMMENDATIONS|OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE REPLIES FROM GOVERNMENT**

### **Recommendation**

The Ministry intimated the Committee that the transit losses from Bikaner would be reduced after the introduction of rail milk tankers for which orders had already been placed. The Committee find that quantity of milk despatched per day from Bikaner was on an average 3,769 Litres, 8,832 Litres, 8,022 Litres and 1,369 Litres in the years 1966-67, 1967-68, 1968-69 and 1969-70 respectively. Against this background and taking into considerations the proposals to have a cheese plant installed at Bikaner, the Committee would like Government to make sure of the economics of procuring tankers of 21,000 litres capacity for transport of milk from Bikaner.

[S. No. 16 (Para 4.33) of Appendix IV to 6th Report (5th Lok Sabha)].

### **Action Taken**

Both the Government of Rajasthan and the Project authorities incharge of ICDP Bikaner have estimated that there is more than 1 lakh litres of surplus liquid milk in Bikaner area which could be channellised to Delhi Milk Scheme. Efforts to further increase the production of milk in Bikaner area are continuing under ICD Programme. Technical inputs under Operation Flood may also become available for increasing production of milk in this area. A proposal is under consideration of Government to establish a Feeder Balancing Station at Bikaner with a handling capacity of 1 lakh litres of milk daily. The Government of Rajasthan have, however, recently suggested that this Balancing Station should be set-up at Jodhpur. In either case, there is adequate justification for procuring 5 rail milk tankers of 21,000 litres capacity for transport of milk which may be utilised for procurement of milk either from Bikaner or from Jodhpur or from Mehsana, where adequate milk is available, but cannot be transported to Delhi for want of rail milk tankers.

### **Recommendation**

With a view to avoid repetitions of such cases, the Committee would like Government to examine the feasibility of obtaining suit-

able security from the cash clerks. Further, as the cash security to be furnished by the Depot Managers amounts to Rs. 200/- only it is necessary that the account of collections is verified and discrepancies settled with utmost promptitude in future.

[S. No. 21 (Para 5.25) of Appendix IV to 6th Report (5th Lok Sabha)].

#### **Action taken**

Government have examined the feasibility of obtaining security from the Cash Clerks. As Delhi Milk Scheme has taken a comprehensive insurance policy and the risks involved are fully covered, it is considered unnecessary to obtain security deposit from the low-paid employees (cash clerks) under the procedure introduced from 1-8-1966, the cash is now collected by the Cash Clerks daily from the Depot Managers and deposited with a Cash (Receipt) Section. Discrepancies, if any are required to be sorted out on day-to-day basis. In case, any Cash Clerk fails to settle the discrepancy, the amount is recovered from his salary.

The above procedure has been found to be quite satisfactory also in the case of Depot Managers. There have been no outstanding against Depot Managers after 1-8-1966.

## **CHAPTER IV**

### **RECOMMENDATIONS|OBSERVATIONS REPLIES TO WHICH HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION**

#### **Recommendation**

One of the cases of loss of cash relates to the security deposits recovered in instalments from Depot Managers and kept in the premises of Delhi Milk Scheme pending deposit in the post office savings bank. The Committee would like to know whether there was any delay in depositing the amount in the savings bank and if so, why.

[S. No. 22 (Para 5.26) of Appendix IV to 6th Report (5th Lok Sabha)].

#### **Action taken**

The Commission from which securities are deducted, is paid to the depot staff on 7th of each month. The amount so collected is required to be deposited alongwith the Acquittance Rolls by the cash clerks by 15th of each month. On 16th of each month the pass books, alongwith a duplicate list containing details of deposits in the Saving Bank Accounts of each depot agent from whom deduction has been made, are sent to the Post Office for verification and making necessary entries therein. The total amount of the deposits is to be handed over on 26th of each month. This procedure was finalised in consultation with the Sr. Superintendent of Post Office, Delhi Division in July, 1967. As the number of depots is quite large, the post office normally takes two days to complete the entries in the pass books. In this particular case, it is seen that the deposits had not been made on 26th for some reason or other. 27th April, 1968 was Saturday which was a half working day for the Post Office and 28th April, 1968 was a Sunday. The theft therefore came to notice of the Accounts Officer only in the morning of 29th April, 1968.

#### **Recommendation**

The Committee find that the proposals of the Delhi Milk Scheme to increase the price of double toned milk sold under the agreement

entered into with the World Food Programme, from 40 paise per litre to 52 paise, made in July, 1965 and again to 60 paise in December, 1966 the basis of actual cost of production were not finally approved by Government. Only in January, 1967, the World Food Programme authorities were approached for the revision of the sale price. Ultimately in December, 1967, Government accepted a price of 50 paise per litre as recommended by the Governing Body, when the cost of production had gone up to 64 paise per litre. It continued upto 22nd February, 1969 when a revised price of 60 paise came into force. On account of the delay in giving effect to a reasonable increase from time to time, as proposed by the Scheme, a total loss of Rs. 43.98 lakhs was incurred by the Scheme upto 31st March, 1969 as the sale proceeds did not cover even the cost of processing and distribution not to speak of covering the cost of milk powder also. Since the Scheme had to bear a liability to pay the cost of Skimmed Milk Powder (Rs. 47.33 lakhs upto 31-3-70) for the purpose of setting up a revolving fund as required under the Agreement the Committee cannot help feeling that the matter should have been reviewed by Govt. on realistic basis without undue delay. However, in the opinion of the Committee, there would have been no need to raise the price of Double Toned Milk which is meant for the weaker sections of the society had the organisation effected necessary economy in its working.

[S. No. 24 (Para 6.22) of Appendix IV to 6th Report (5th Lok Sabha)]

#### **Action taken**

The proposal of Delhi Milk Scheme made in July, 1965 regarding revision of price of double toned milk from 40p. to 52p. per litre was considered by the Management Committee of Delhi Milk Scheme which felt that the price of double toned milk should be retained at 40p. per litre. This recommendation of the Management Committee was placed before the Advisory Committee of D.M.S. on 18-8-65 which recommended that the sale price of double toned milk may be fixed at 52p. per litre. The Governing Body of D.M.S. which considered the recommendation of the Advisory Committee on 14-10-1965, however, decided by a majority vote that the price of double toned milk should be retained at 40p. per litre. The Governing Body also desired that the increase in price allowed for other types of milk may be staggered and effected in two stages first in October 1965 and again in March 1966. The Government



which considered these recommendations in November 1965 accepted the recommendation of the Governing Body not to increase the price double toned milk beyond 40p. per litre.

2. The fresh proposal of D.M.S. made in December, 1966 to increase in the selling price of double toned milk from 40p. to 60p. was considered by the Management Committee in its meeting held on 20-12-66. The Management Committee desired that Chairman, D.M.S. may consult the Advisory Committee of D.M.S. and W.F.P. after which the matter may be put up to the Governing Body for consideration. Although the W.F.P.'s concurrence was obtained to the revision of the prices of double toned milk in February 1967, the matter could not be placed before the Advisory Body which had since been dissolved after General Elections. The matter was again considered by the Management Committee in its meeting on 30-8-1967 which recommended the increase in price of double toned milk from 40p. to 60p. The Advisory Committee which considered the recommendation of the Management Committee on 13-10-1967, however, recommended that the price of double toned milk should be increased from 40p. to 50p. per litre. The Governing Body which considered the recommendations of the Advisory Committee on 22-11-1967 agreed with the Advisory Body to increase the selling price of double toned milk from 40p to 50p. per litre. This recommendation of the Governing Body was accepted by Government with effect from 26-12-1967.

3. As Delhi Milk Scheme continued to suffer losses on the sale of double toned milk at the price of 50p. per litre, it again brought up the matter before the Management Committee in its meeting held on 18-12-68. The Management Committee recommended an increase in the price of double toned milk to 66p. per litre. The Governing Body considered this recommendation on 20-1-69 and approved the increase in the price of double toned milk to only 60 per litre. This recommendation of the Governing Body was approved by Government and selling prices of double toned milk at 60p. per litre became effective from 22-2-1969.

It would, thus be observed that on each of the three occasions there was no undue delay on the part of Government in considering the recommendations of the Governing Body about increase in the price of double toned milk. Government also acted according to the recommendations of the Governing Body.

5. As regards the observations of the Committee that there would have been no need to raise the price of double toned milk, which is

meant for the weaker sections of the Society, had the organization effected necessary economy in its working it may be stated that every effort is made by Delhi Milk Scheme to keep down its overhead expenses to the minimum. The increased cost of production of double toned milk is largely on account of increase in the prices of raw milk and other ingredients like s.m.p. and butter oil. In October, 1971, the Government have entrusted the National Dairy Development Board with the task of studying in detail the working of various sections in D.M.S. and to suggest way and means of improving its working in the various fields in order to effect economies wherever possible. Appropriate action will be taken by Govt. on receipt of Board's recommendations, in order to ensure that the Scheme functions on a no-profit-no-loss basis.

#### **Recommendation**

A cheese plant procured on a high priority basis at a cost of Rs. 3.80 lakhs in the year 1965 is yet to be installed. The Committee are not fully convinced of the soundness of the original proposal to instal the plant in Delhi. It is not clear as to why the order for it could not be cancelled when the Kurien Committee recommended the cancellation in 1964. The Committee note that the Scheme expect to instal the plant at Bikaner as per the alternative suggestion of the Kurien Committee in about two years' time. It was admitted during evidence that the plant might become obsolete on account of delay in its installation. The Committee hope that such instances of bad planning will not recur. In respect of all the three cases mentioned above, the Committee would like the responsibility for the procurement of the plant machinery to be fixed and the fact intimated them.

[S. No. 29 (Para 7.17) of Appendix IV to 6th Report (5th Lok Sabha)]

#### **Action taken**

The Cheese Plant purchased in 1964 was originally intended to be installed at Central Dairy and the order for the cheese plant was placed by the D.G.S.&D. on M/s Vulcan Trading Co. (Pvt.) Ltd. on 23-3-1964. However, an Expert Committee presided over by Dr. Kurien advised in August 1964 that it would be best if the order for the cheese plant could be cancelled without any financial implications. If this was not possible then the cheese making equipment could be installed at Bikaner. Procurement action was, however, at an advance stage. Delhi Milk Scheme could not succeed in getting the order cancelled or postponed as the firm had informed that they were awaiting shipping advice for the Manufacturer. The matter was considered by the Management Committee in its 15th Meeting held

on 6-11-1964 and it was decided that since the order had been placed, equipment might be allowed to come. It was also decided to instal the plant at Bikaner. Nearly all the machinery and equipment for Bikaner Balancing Station have since been procured. With the introduction of the Operation Flood Programme State Governments| State Cooperatives would operate the feeder balancing Station located in that State. The question as to whether the Delhi Milk Scheme or the Government of Rajasthan should set up the Balancing Station at Bikaner is yet to be decided. As soon as a final decision regarding the agency which would undertake this project is taken, it will be possible to establish the Balancing Station and also to instal the cheese plant.

2. In view of the foregoing clarifications, the plant and machinery in question could not be installed due to circumstantial and technical factors and no person can be held responsible on this account. The Government are however looking into the circumstances about the soundness of the original proposal to instal the Cheese Plant in D.M.S. and will fix responsibility if the initial planning is found to be unsound.

## CHAPTER V

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

#### Recommendation

The Scheme has sustained loss even on milk products during the year 1968-69 for the first time in three years ended 31st March, 1969. The Committee would like to know the specific reasons for the loss sustained in the sale of milk products during the year 1968-69 alone.

[S. No. 4 (Para 2.28) of Appendix IV to 6th Report (5th Lok Sabha)]

#### Action taken

The Chairman, Delhi Milk Scheme has stated that the loss was sustained in the sale of milk products during the year 1968-69 because of the increase in

- (a) the cost of raw milk
- (b) charges for procurement of milk and
- (c) processing, distribution, administrative and other overhead charges.

The Government was examining the matter further including *inter-alia*, as to why higher sale prices could not be fixed for the milk products during the year 1968-69.

#### Recommendation

The Committee trust that a detailed review of the working of all-day milk stalls will be completed and the question of opening of additional milk stalls decided early. The Committee would like to know the results of the review as also the progress in the opening of additional booths, 100 of which are expected to be constructed during the current financial year. In this connection the Committee would also like Government to examine the feasibility of

introducing new features such as yoghurt for supply at railway stations, airports etc., for the benefit of passengers.

[S. No. 18 (Para 5.7) of Appendix IV to 6th Report (5th Lok Sabha)]

#### **Action taken**

The working of the All Day Milk Stalls has been carefully reviewed and it has been found that if the equivalent of 15 tonnes of ghee, or 13 tonnes of butter, or partly both, are sold through each of the All Day Milk Stall on an average, these stalls will function on a 'No profit, no loss' basis. According to the production programme of the current financial year, it is proposed to manufacture 400 tonnes of ghee and 115 tonnes of butter of which 200 tonnes of ghee and 30 tonnes of butter will be sold through our All Day Milk Stalls, and the rest through private dealers. It will, therefore, be observed that during the current financial year, our All Day Milk Stalls are expected to function with profit.

Regarding the opening of new All Day Milk Stalls, it has been decided that these would be opened taking into consideration public demand and convenience, provided the actual anticipated sales, based on the above norms, would enable the Stall to function at a marginal profit.

Regarding the opening of 100 new booths, the position is summarised below:—

- (a) No. of additional booths already opened . . . 6.5\*
- (b) No. of booths under construction . . . 35.

The feasibility of introducing new features such as manufacture on a commercial scale of milk products like yoghurt and the question of their retail sale is under consideration of the Delhi Milk Scheme.

#### **Recommendation**

The Committee find that the attempts of the Delhi Milk Scheme to dispose of the automatic decrating and recrating machine did not succeed and that efforts are being made to put them to use after procuring plastic crates. The Committee would like to know the progress made in regard to utilisation of the machine.

[S. No. 27 (Para 7.15) of Appendix IV to 6th Report (5th Lok Sabha)]

---

\*As on 30-6-1972.

### Action taken

While the question of utilisation of the automatic decrating and recrating machine was being reviewed in Delhi Milk Scheme a fire took place on 28th July, 1971 in the transport shed of Central Dairy where the wooden crates containing parts of these machines had been stored. As a result of this fire, some crates were burnt and many parts of the 4 sets of decrators and recrators got damaged. The Police authorities who were asked to investigate the causes of the fire including as to whether there was any possibility of a "mischief" the Police reported on 6th May, 1972 that after investigation they had closed the case as they do not suspect criminal act on the part of any person.

Immediately after the fire, a Committee had also been constituted by the Chairman, Delhi Milk Scheme comprising Senior Dairy Engineer, Transport Engineer and Controller of Stores to assess the damage to the recrating and decrating machines as a result of the fire. According to the Committee, the loss would be of the order of about Rs. 2 lakhs. Ministry have advised the Chairman, Delhi Milk Scheme to get examined the damage caused to the decrating and recrating machines by the Experts Team of N.D.D.B. and also to obtain their advice regarding the repair/utilisation/disposal of the machines. The matter was referred to the N.D.D.B. in April, 1972. When the Expert Team of N.D.D.B. visited Delhi Milk Scheme in June, 1972, they were again requested to examine the machines and advise on the repair/utilisation/disposal thereof. Further action will be taken on receipt of their recommendations.

### Recommendation

The Committee find that some measures have been taken to tighten up stores control. The Committee particularly commend the proposal to intensify the periodical surprise verification of stores. The decision taken regarding the introduction of ABC method of inventory may be intimated to the Committee.

[S. No. 32 (Para 8.14) of Appendix IV to 6th Report (5th Lok Sabha)]

### Action taken

Several measures have been taken to tighten up stores control. A special stock verification team has been set up in the Delhi Milk Scheme which is now undertaken both regular and surprise physical verification of stores continuously.

In relation to introduction of the A.B.C. method of inventory control, it may be observed that in a Government department which is subject to various limitations in relation to the purchase of stores articles in the light of the rules and Government orders governing such action, it would be difficult to adopt the A.B.C. method in toto. However, the matter is under active consideration and, to the extent inventory control system can be further rationalised in keeping with the postulates of the A.B.C. method, appropriate action would be taken by Delhi Milk Scheme.

[Ministry of Agriculture (Deptt. of Agriculture) O.M. No. 2-16/71-LDI-(Vol. II) dated 20th July, 1972].

NEW DELHI.

December 6, 1972.

---

*Agrahayana* 15, 1894 (S).

ERA SEZHIYAN,  
*Chairman,*  
*Public Accounts Committee.*

## APPENDIX

### *Summary of main conclusions/recommendations*

S.No.	Para No of Report	Ministry/Deptt. concerned	Conclusions, Recomer dations
1	2	3	4
1	1.4	Agriculture	The Committee hope that final replies in regard to those recommendations to which only interim replies have so far been furnished will be submitted to them expeditiously after getting them vetted by Audit.
2	1.8	-do-	The Committe would urge Government to come to an early decision in the matter and introduce a fresh Bill for constitution of Delhi Milk Supply Corporation.
3	1.11	-do-	The Committee note that the National Dairy Development Board have been entrusted with the task of studying in detail the various sections of the Delhi Milk Scheme and to suggest ways and means of improving its working in order to effect economy wherever possible. The technical team deputed by the Board has completed the study and its recommendations are expected to be received shortly. On receipt of the recommendations action will be taken by Government in order to ensure that the Scheme functions on a no profit no loss basis. The Committee would like to be apprised of the



1	2	3	4
			findings of the technical team and the action taken thereon by Government. In this connection the Committee desire to reiterate that the accumulated losses should be recouped early.
4	1-12	Agriculture	The Committee observe that in the absence of adequate costing data and maintenance of detailed operation-wise commercial accounts by the Delhi Milk Scheme for the year 1969-70, it is not possible for Government to give an accurate break-up of the gross profit of Rs. 105.67 lakhs as arising out of (i) improvement in operational efficiency, (ii) increase in sale price, and (iii) lower cost of procurement of milk. The Committee desire that necessary costing data should be maintained by the Scheme in future.
5	1-15	do.	The Committee would like to be informed of the revised norms fixed and how they compare with the actual costs.
6	1-18	do.	The Committee note that the Spray Drying Equipment which was expected to be Commissioned in March, 1971, is now expected to commence functioning in winter of 1972. The Committee trust that its commissioning would not be further delayed.
7	1-21	do.	The Committee would like to urge that the Report of the Programme Evaluation Organisation of the Planning Commission should be obtained early and such follow up action as may be necessary

taken to improve milk production commensurate with the expenditure incurred on the Central Intensive Cattle Development Projects.

8 I-24 do.

It has been stated that there are some practical difficulties which stand in the way of accurately estimating processing losses stage-wise and some of the connected issues have been referred for advice to the Expert Team deputed by the National Dairy Development Board. The Committee wish to stress that these difficulties should be resolved and realistic norms fixed soon for efficient control.

9 I-27 do.

The Committee would like to be apprised of the findings of the Enquiry Committee which need to be expedited and the action taken by Government against the officials responsible for the transit losses.

10 I-30 do.

The Committee note that the increase of the capacity of the existing Dairy to 375000 litres is expected to be achieved by the end of financial year 1972-73 and that completion of the second Recombining (mother) Dairy with a capacity of 4,00,000 litres is expected during 1973-74. According to Government, the supplies of the two public Sectors Dairies can meet fully Delhi's requirement of 7,00,000 litres of milk by the end of 1974-75. The Committee hope that the targeted increase in capacity would be achieved according to schedule. They would like to be apprised of the progress made in this regard.

11 I-33 do.

No specific reason has been given for the failure to deposit the money in the Post Office on the due date i.e. 26th April, 1968. Money could have been deposited on the 27th April, 1968, which was Saturday

1	2	3	4
			and a half working day for the Post Office. The Committee, however, note that as the amount was not covered by the comprehensive policy taken by the Scheme with the Life Insurance Corporation, no claim was registered with the Life Insurance Corporation and that the possibility of recovering the amount is under examination. The Committee suggest that necessary steps should be taken to recover the money as early as possible. Suitable remedial measures should also be taken to prevent recurrence of such cases.
12	1-36	Agriculture	The Committee note that accounting procedure for setting up of a separate fund in the States has been finalised in consultation with the Comptroller and Auditor General of India. The Committee would like to suggest that the setting up of a fund should be expedited.
13	1-37	-do-	The Committee further note that a revised scheme, spelling out the precise involvement of Delhi Milk Scheme in the various cattle development activities has been examined by the National Dairy Development Board and that it has to be considered by the Management Committee of the Delhi Milk Scheme. The Committee would like to suggest that the revised scheme should be finalised expeditiously.
14	1-40		The Committee note that the question as to whether the Delhi Milk Scheme or the Government of Rajasthan should set up the

Balancing Station at Bikaner, is yet to be decided and that as soon as a final decision is taken in this regard, it would be possible to establish the Balancing Station and instal the cheese plant. The Committee would like to suggest that the final decision should be expedited so that the cheese plant may not become obsolete on account of delay in installation.

15            I . 41            do-

The Committee would like to mention that they had desired that the responsibility should be fixed for injudicious procurement of machinery in all the three cases viz., automatic decrating and recrating machine, milk evaporating plant and cheese plant. However Government are now looking into this aspect in respect of cheese plant only. The Committee would, therefore, reiterate that the other two cases should also be examined.

16            I . 44            -do-

From the reply furnished by Government, the Committee should not get idea of the difference between the ground balances as arrived at by the Special Verification Team and the balances shown in the priced stores ledgers and quantity ledgers. The Committee, therefore, desire to know whether the differences had been quantified and investigated.

61

