

**COMMITTEE ON PUBLIC
UNDERTAKINGS
(1980-81)**

(SEVENTH LOK SABHA)

FOURTEENTH REPORT

Action taken by Government on the recommendations contained in the Eighty-third Report of the Committee on Public Undertakings (Fifth Lok Sabha).

ON

INDIAN DAIRY CORPORATION

MINISTRY OF AGRICULTURE

(Department of Agriculture and Co-operation)

*Presented to Lok Sabha and 2 Apr. 1981
Laid in Rajya Sabha on.....*



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(Seventh Lok Sabha)

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3	Para 11,	Lines 7 and 8	read them
		<u>below</u> the footnote.	
15	16	24.2.76	24.2.1977
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23	3	6.12.76	6.12.77
25	16	June, 1973	June, 1973
26	15 from below	29.1.1977	1.11.1976
32	12 from below	3.9.76	3.9.80
68	15	24.12.1976	24.12.1977
102	5	S.No.50	S.No.56
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*Elected w.e.f. 28-11-1980 in the vacancy caused by appointment of Shri P. A. Sangma as Deputy Minister.

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(1980-81)

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7. Shri B. K. Nair

INTRODUCTION

I, the Chairman, Committee on Public Undertakings having been authorised by the Committee to submit the Report on their behalf, present this 14th Report on Action Taken by Government on the recommendations contained in the 83rd Report of the Committee on Public Undertakings (Fifth Lok Sabha) on Indian Dairy Corporation.

2. The 83rd Report of the Committee on Public Undertakings was presented to Lok Sabha on 14 April, 1976. Replies of Government to all the recommendations contained in the Report were received by 1 November, 1977. As the replies received from the Ministry in respect of certain recommendations required updating further information was called from time to time, which was received from the Ministry in batches by October, 1980. The replies of Government were considered by the Action Taken Sub-Committee of the Committee on Public Undertakings on 13 March, 1981. The Report was finally adopted by the Committee on Public Undertakings on 19 March, 1981.

3. An analysis of the Action Taken by Government on the recommendations contained in the 83rd Report (1975-76) of the Committee is given at Appendix VII.

NEW DELHI;

March, 20, 1981

Phalgun 29, 1902 (Saka)

BANSI LAL,

Chairman,

Committee on Public Undertakings.

CHAPTER I

REPORT

This Report of the Committee deals with the action taken by Government on the recommendations contained in the Eighty-third Report (5th Lok Sabha) on the Indian Dairy Corporation which was presented to Lok Sabha on the 14 April, 1976.

2. Replies of Government in respect of all the 76 recommendations contained in the said Report have been received from Government and have been categorised as follows:—

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

Serial Nos. 1—13, 15—29, 31—50, 53—56, 58—68, 70—74.

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

Serial Nos. 30, 57 and 69.

(iii) *Recommendations/Observations in respect of which replies of Government have not been accepted by the Committee.*

Serial Nos. 14, 51, 52.

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

Serial Nos. 75, 76.

3. The Committee will now deal with the action taken by Government on their recommendations.

A. Delay in implementation of "Operation Flood" Project

Recommendation No. 1 (Paragraph 1.11)

4. Apprehending that the "Operation Flood" Project which was scheduled to be completed by June 1975 may not be completed even by the end of June, 1977, and any further delay would not only affect the cost of implementation of the project but would also cause a set back to the dairy development programmes in the country, the Committee had recommended that the Ministry should create a sense of urgency in all the agencies and authorities concerned with the implementation of the project and take effective

measures to remove the constraints in the way of its implementation so as to commission fully the plants within the stipulated period i.e. by the end of June, 1977.

5. In their reply to the aforesaid recommendation, Government have intimated that in accordance with the amended plan of operation the commodities were to be supplied by the WFP by 30 June, 1977 with the provision that the commodities and the generated funds could be utilised by 30 June, 1978. Subsequently through a letter of amendment, the W.F.P. agreed to extend the project period upto 30 June, 1979. Subject to availability of commodities and requirements of the project, WFP were to arrange shipments of dried skim milk and butter oil during the extended period.

6. After a review of the progress of this project in September, 1979 the Joint World Programme-FAO-Govt. of India Mission recommended that in order to complete the commitment for supply of 1,26,000 tonnes of SMP, 42,000 tonnes of Butter oil, the project would be extended upto March 1981, to enable Indian Dairy Corporation adequate time to utilise WFP commodities and the funds generated therefrom.

7. The World Food Programme has accordingly conveyed its approval to the extension of the period of the project upto March, 1981. Approval of the Cabinet, it has been stated, is being sought.

8. The Committee regret that the "Operation Flood" project which was initially expected to be implemented by June 1975 has not yet been implemented. This typifies the way important projects are handled. The Committee however trust that there will be no further time slippage in this project.

B. Integrated Agency for public sector dairies in Delhi

Recommendation No. 14 (Paragraphs 3.46 & 3.47)

9. The Committee pointed out that as there were two public sector dairies in Delhi, Government should take steps to avoid duplication of efforts and overlapping of functions, arrange judicious location of booths in all parts of the city and ensure equitable distribution of milk among all sections of people. They were of the opinion that one integrated organisation to manage and control the affairs of both the DMS and the Delhi Mother Dairy would not

only go a long way in achieving these objective, but would also make it possible for the Management to keep the overheads on staff and fuel costs on transportation low, guard against unwholesome competition among milk producers and give them a fair deal, achieve economies of scale and pass on the benefits of low cost to the consumers. The Committee stressed that Government should not lose any more time in taking a decision on the structure of the integrated agency to run the two dairies in the larger interests of the consumers and producers. If, however, the two dairies had to remain as separate units for some time till the organisational structure of one integrated agency was finalised, the Committee desired the Government to make some suitable functional arrangements to bring together the heads of two dairies so as to ensure coordination in their activities and integration in their planning during the interim period.

10. The Ministry, in their reply, have intimated that the proposal for determining the agency which would run Mother Dairy in Delhi had been under consideration since 1973. The matter was also discussed with the Planning Commission. It was felt that the New Dairy Plant (Mother Dairy) should be permitted to grow as a healthy commercially managed business unit. The New Unit could more easily pursue its own pricing policies without adding to it the losses being suffered by DMS which might continue to be the position for some time even after it became a statutory Corporation. The two plants thus remaining in competition were expected to ensure better and more efficient management of both.*

11. The Committee still feel that setting up of an integrated agency to manage the two public sector dairies in Delhi viz. Delhi Milk Scheme and Mother Dairy would be a far better arrangement than letting the two dairies function as independent entities. They would therefore like to reiterate their earlier recommendation for reconsideration by Government.

[Ministry of Agriculture (Deptt. of Agriculture & Co-operation)
O.M. No. 29-7-81—DP dated 19-3-81.]

At the time of factual verification of the Draft Report, Ministry of Agriculture intimated on 19-3-81 that "in regard to the Delhi Milk Scheme, a final decision has since been taken not to pursue the proposal for setting up a Statutory Corporation but a final decision on the question of setting up a separate company for taking over the management of the Mother Dairy has not yet been taken."

C. Special Nutrition Programme

Recommendation Nos. 51 and 52 (Paragraphs 4.17 & 4.18)

12. Under the Agreement with UNCIF, Government of India had sanctioned a 'Special Nutrition Programme' under which double toned milk was distributed free of cost to pre-school children at 8 Ozs. per day per child. Though the scheme was contemplated to be introduced in 20 cities, it was introduced in seven cities only. viz. Bombay, Calcutta, Delhi, Madras, Ahmedabad, Baroda and Surat. The programme is handled by the Social Welfare Department of Government of India with the assistance of Social Welfare Department of States. The role of Indian Dairy Corporation is confined to payment of bills of milk schemes. The Committee had felt that having started this programme of supplying milk to vulnerable groups free of charge, it would be disappointing if it was curtailed or terminated on the ground of lack of resources. The Committee had stressed that Government should make all out efforts to find ways and means of not only continuing this wholesome programme but also extending it to other areas in the interest of really needy and deserving members of vulnerable sections of society.

13. In their reply Government intimated (November 1976) that the entire matter including the aspect with regard to extension of the Special Nutrition Programme was under examination in consultation with the Department of Social Welfare. The programme was first extended upto March, 1978 and thereafter upto March, 1979. In their latest reply (October 1980), Government have stated that the programme was extended from March, 1979 to August, 1980 and was in operation in Delhi and Calcutta.

14. The Committee had found that though the 'Special Nutrition Programme' was contemplated to be introduced in 20 cities, it was launched in seven cities only viz. Bombay, Calcutta, Delhi, Madras, Ahmedabad, Baroda and Surat to provide free of cost 8 oz of double toned milk to 1½ lakhs pre-school children of these cities. The Committee had felt that having started this programme in seven cities it would be disappointing if the programme was curtailed or terminated on the ground of lack of resources. The Committee had desired that Government should make all out efforts to find ways and means of not only continuing this programme but also extending it to other areas in the interest of really needy and deserving members of vulnerable sections of society. The Committee are distressed to note from the reply of Government that though the programme was extended, its operation was curtailed and confined to Delhi and Calcutta.

D. Merger of National Dairy Development Board and the Indian Dairy Corporation

Recommendation Nos 75 & 76 (Paragraphs 11.16 & 11.18)

15. The Committee had agreed with the Indian Dairy Corporation that in the long run it would be beneficial to bring about merger of the two organisations so that the NDDB can become the research and development wing of the merged organisation. The Committee had felt that the merger should be in such a way that activities of NDDB do not get inhibited due to procedural difficulties.

16. Government have, in their reply to the aforesaid recommendation, intimated that the National Commission in their Report had also recommended for the merger of National Dairy Development Board and the Indian Dairy Corporation. The question of the manner by which merger of the National Dairy Development Board with the Indian Dairy Corporation can be brought about without undermining the autonomy of NDDB is stated to be still under examination.

17. The Committee would like to stress that as the question of merger of the National Dairy Development Board with the Indian Dairy Corporation has been under examination for long, Government should settle the modalities of the merger without any further delay.

CHAPTER II

RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation (Sl. No. 1 Paragraph 1.11)

The Committee note that the Indian Dairy Corporation was set up in 1970 mainly to implement "India WFP Project 618" (Operation Flood). The Project which was originally scheduled to be completed within a period of five years from 1970 to 1975, has been extended for a period of 2 years and it will now terminate by the end of June, 1977. The Committee were informed during evidence by the representative of Ministry of Agriculture and Irrigation that "by and large, the IDC has fulfilled the objectives for which it was set up. . . . in the direction of setting up the mother dairies, construction of feeder balancing dairies and improving or upgrading the animals in the areas adjacent to the operation flood areas and in seeing that the gift commodities were sent and sold to the concerned people. If these are taken in depth, I do not think these have been achieved and it will not be possible to achieve them in 20 years to come in a comprehensive manner." It has also been stated that "the objectives are so vast in a country of this dimension, it will take us two or three generations to achieve the same by dint of hard work." The Committee are also informed that though the Corporation was handicapped on account of inadequate generation of funds in the first 3½ years of the Project, it has been able to create conditions favourable to the fulfilment of objective. The Committee apprehend that if such a leisurely view of the time factor for fulfilling the objectives as has been taken by the Ministry is taken by the Corporation and other authorities concerned, the implementation of the Project, which has already been delayed by two years may not be completed even by the end of June, 1977, as scheduled and any further delay will not only affect the cost of implementation of the Project but will also cause a setback to the dairy development programmes in the country. The Ministry should create a sense of urgency in all the agencies and authorities concerned with the implementation of the Project and take effective measures to remove the constraints in the way of its implementation so as to commission fully the Plants within the stipulated period i.e., by the end of June, 1977.

Reply of Government (Department of Agriculture)

Noted for compliance.

[Ministry of Agriculture & Irrigation, Deptt. of Agriculture
O.M. No. 22—34/75-LDI, dated 1st Nov., 1976]

Comments of the Committee

(Please see Para 8 of Chapter I of the Report)

Recommendation (Serial No. 5, Paragraph 2.22)

The Committee note that under the "Operation Flood" projects, World Food Programme had agreed to supply free of cost by the 30th June, 1975, 1,26,000 MT of Skim Milk Powder (SMP) and 42,000 MT of Butter Oil (BO). The sale/transfer of these commodities to public sector dairies at the prices then fixed was expected to generate funds to the tune of Rs. 95.40 crores (which later went upto Rs. 116.40 crores as a result of increase in the transfer value). These funds were to be spent on milk marketing and dairy extension activities under the Project. The Committee find that during 1970-71 and 1971-72 the quantity of SMP received was 39 per cent and 67 per cent less than expected and that of BO 33 per cent and 75 per cent less than expected and of the quantities received, 20 per cent of SMP and 14 per cent of BO were rejected by IDC on the ground of sub-standard quality and packaging problems. During 1972-73 and 1973-74, there was a shortfall ranging between 70 per cent and 58 per cent in the case of SMP and BO. They are informed that this matter was taken up by the Government of India with the WFP authorities in November, 1973, and as a result of these efforts, the supplies were stepped up in the latter half of 1974 and during 1975. The Committee need hardly point out that if these shortfalls had been promptly brought to the notice of WFP authorities, a suitable solution could have been found much earlier and the implementation of the project would not have been so heavily delayed.

Reply of Government

The observations made by the Committee have been noted for guidance.

[Ministry of Agriculture & Irrigation, Deptt. of Agriculture
O.M. 29—3/77-DP dated 4th June, 1977]

Recommendation (Serial No. 5, Paragraph 2.23)

The Committee regret to note that on account of the inadequate inflow of WFP commodities in the first 3½ years and due to inadequate off-take of these commodities in the following 1½ years the actual generation of funds under the project was of the order of Rs. 46 crores (approx.) upto the end of November, 1975 as against the original expectation of Rs. 95.40 crores and the revised estimate of Rs. 116.40 crores. The Committee also regret to find that according to IDC's own assessments, by the end of the extended period of the project (June, 1977), it will at best be able to utilise only 1,03,000 tonnes (against 1,26,000 tonnes) of SMP and 32,000 tonnes (against 42,000 tonnes) of BO resulting in total generation of Rs. 91.28 crores and leaving a shortfall of over Rs. 25 crores.

The Committee are informed that the project did not make progress according to schedule in the initial stages as no lead period was provided to prepare for taking up the programme and the Ministry/Corporation did not realise this before the commencement of the project. The Committee regret that the progress of the project which ultimately resulted in shortfall of funds was also due to delay in the receipt of imported equipment for the four city dairies raising of required infra-structure for expansion of the existing dairies and setting up of new dairies and establishment of machinery for coordination at state and city level.

Reply of Government

Noted.

[Ministry of Agriculture & Irrigation, Deptt. of Agriculture
O.M. No. 22—34/75-LDI, dated 1st Nov., 1976]

Recommendation (Serial No. 9, Paragraph 2.27)

The Committee feel that the project could have made more satisfactory progress if lead period had been given, supplies of SMP and BO had been made by WFP authorities according to agreed schedule and substantial quantities of the supplies were not of sub-standard quality. As these factors *inter alia*, resulted in the shortfall in the generation of funds in the initial stages, due to which the infra-structure for the use of donated commodities could not be established by the Corporation in time resulting in inadequate off-take of the donated commodities later on, the Committee have no doubt that the Government would be able to persuade the WFP authorities to extend the period of the project to enable the Corporation to utilise the full quantities of SMP and BO agreed to by them under the "Operation Flood".

Reply of Government

The Operation Flood Project was launched in July, 1970 and was to terminate in June 1975. However, due to unsatisfactory supply of WFP commodities and non-completion of many of the projects as per schedule, the WFP has agreed to extend the Project period by another 2 years i.e. the Project will now terminate in June 1977 but the utilisation will be upto June 1978. It has been estimated by the IDC that even after extension of the Project period, the WFP will be able to supply 1,03,000 tonnes of SMP as against 1,26,000 tonnes and 32,000 tonnes of butter oil as against 42,000 tonnes.

[Ministry of Agriculture & Irrigation, Deptt. of Agriculture
O.M. No. 22—34/75-LDI dated 4th June, 1977]

Recommendation (Sl. No. 9, Paragraph 2.28)

The Committee are concerned to note that WFP authorities are demanding a commitment from Government that normal commercial imports should be maintained at the level of 20,000 MT of SMP per year. The Committee note that while imports of SMP varied between 12,000 to 17,000 tonnes from 1971-72 to 1974-75, there was no import in 1975-76. The pursue of the programme is to generate self-reliance in the matter of milk production in the country. The Committee have, therefore, no doubt that there is no question of entering into any commitments which would be counter-productive to this basic objective.

Reply of Government

Noted for guidance.

[Ministry of Agriculture & Irrigation (Deptt. of Agriculture
O.M. No. 22—34/75-LDI, dated 1st Nov., 1976)]

Recommendation (Sl. Nos. 1, 5 and 9, Paragraphs 1.11, 2.22 and 2.23, 2.27 and 2.28)

Further (latest) information called for by the Committee

(i) The period of Operation Flood Project I (1970—75) was extended upto June, 1977. Was there any further extension and if so upto what date?

(ii) Under this project, World Food Programme had agreed to supply free by 30th June, 1975, 1,26,000 MT of SMP and 42,000 MT of Butter oil. There was inadequate inflow of these commodities during the years 1970-71 to 1974-75. Please state if shortages were made up in subsequent years and if so, to what extent.

(iii) According to I.D.C.'s own assessment by the extended period of the project (June, 77) they had expected that they would be able to utilise only 1,03,000 tonnes (against 1,26,000 tonnes) of SMP and 32,000 tonnes (against 42,000 tonnes) of Butter Oil resulting in total generation of funds of Rs. 91.28 crores leaving a shortfall of over Rs. 25 crores. Please give latest figures showing how far this assessment actually materialised.

(iv) World Food Programme had been insisting on a commitment from Govt. of India that normal commercial imports of skim milk powder would be maintained at the level of 20,000 MT of SMP per year. What quantities of SMP were imported after 75-76 under the Operation Flood Project I respectively.

[L.S.S. O.M. No. 19-PU/76, dated 3rd September, 1980]

Further reply of Government

(i) In accordance with the amended plan of operation the commodities were to be supplied by the WFP by 30th June, 1977 with the provision that the commodities and the generated funds could be utilised by 30th June, 1978. Subsequently, through a letter of amendment, the WFP agreed to extend the project period upto 30th June, 1979 subject to the availability of commodities and requirements of the project WFP will arrange shipments of dried skim milk and butter oil during the extended period.

The progress of this project was reviewed by a Joint World Food Programme—FAO-Govt. of India Mission in September, 1979 which recommended that in order to complete the commitment for supply of 1,26,000 tonnes of SMP, 42,000 tonnes of butter oil, the project should be extended upto March, 1981 to allow IDC adequate time to utilise these commodities and the funds generated therefrom. The WFP has now conveyed its approval with regard to the extension of the project upto March, 1981. Approval of the Cabinet is being sought.

(ii) Under the agreement signed on 4th March, 1970 between the Govt. of India and the WFP, the latter is required to supply free of cost to India 1,26,000 tonnes of SMP and 42,000 tonnes of butter oil. The WFP has supplied 1,22,263 tonnes of SMP and 39,695 tonnes of butter oil upto 31st July, 1980. The supply position of

SMP and butter oil by WFP has improved as may be seen from the table given below:

Year	(In tonnes)	
	SMP	Butter oil
1970-71	6275	2292
1971-72	9890	452
1972-73	11983	3707
1973-74	9047	4281
1974-75	10557	8212
1975-76	26861	7165
1976-77	17634	1782
1977-78	7821	4680
1978-79	15442	2548
1979-80	2930	2578

The balance quantity of 3737 tonnes of SMP and 2305 tonnes of butter oil is expected to be supplied by March, 1981.

(iii) In accordance with the amendment of Plan of operation the commodities were to be supplied by 30th June, 1977 with the provision that the commodities and the generated funds could be utilised by 30th June, 1978. It was also estimated that the project would be able to receive and utilise 1,03,000 tonnes of SMP and 32,000 tonnes of butter oil upto the extended project period. As per agreement signed between the Govt. of India and the WFP, the project period was further extended upto 30th June, 1979 with the stipulation that subject to the availability of commodities and requirement of the project, WFP will arrange shipment of dried skim milk and butter oil during the extended period of project. It was also anticipated that the WFP would supply the original stipulated quantities of 1,26,000 tonnes of SMP and 42,000 tonnes of butter oil. The project outlay was kept at the revised figures of Rs. 116.40 crores. Consequently, it was expected that the project cost could be met from the generated funds through sale of original stipulated quantities of gift commodities. In view of this, no shortfall in the generation of funds to meet the project cost was anticipated as was apprehended earlier.

(iv) The country was importing milk powder and butter oil on commercial account till 1974-75. However, due to increased avail-

ability of indigenous SMP and in order to support to the indigenous industries a decision was taken in 1975-76 to do away with commercial import and meet such requirements from indigenous sources. In keeping with this, no commercial import of SMP has been made from 1975-76. Under WFP Project 618-Milk Marketing and Dairy Development (Operation Flood I) IDC has received the following quantities of SMP after 1975-76.

(Figures in tonnes)

Year	SMP	Butter Oil
1976-77	17634	1782
1977-78	7821	4680
1978-79	15442	2548
1979-80	2930	2578

[Ministry of Agriculture & Irrigation, (Deptt. of Agriculture)
O.M. No. 29-17-80, dated 6th October, 1980]

Recommendation (S. No. 2, Paragarph 1.14)

The Committee recommend that the Government should evaluate the performance of the Corporation as canalising agency for the import and distribution of SMP and see whether these activities are being carried out economically and efficiently. They would like the Government/Corporation to assess the demand for SMP in the country *vis-a-vis* indigenous production very carefully and ensure that the imports are kept to the barest minimum and supplies are made only to genuine parties for genuine and essential purposes.

Recommendation (S. No. 64, Paragraphs 8.15 & 8.16)

The Committee note that Indian Dairy Corporation has been designated by the Government as canalisation agent for import and distribution of skim milk powder on a commercial basis. The Corporation has stated that the existing procedure to import SMP results in delay and diffusion of responsibility and authority and if the Corporation has to function properly and effectively as the canalisation agency, such matters as purchase of SMP and its distribution should be left to the IDC to be worked out on the basis of the broad guidelines issued by the Government.

Recommendation (S. No. 65, Paragraph No. 8.18)

As already recommended, the Committee reiterate that Government should evaluate the performance of the Corporation as canalising agency to ensure that these activities are carried out economically and efficiently and Government/Corporation should also ensure that imports, if at any time absolutely necessary to tide over a difficult situation, are kept to the barest minimum. The Committee would like the Corporation/Government to explore the possibility of diverting the accumulated stocks, if any, of donated commodities received under "Operation Flood", to public use before going in for commercial imports.

Reply of Government

The information is as below:—

1. Evaluation of IDC as a canalising agency:

IDC's performance as a canalising agency has been good and the cost has been low, The overhead cost for such import and distribution works out to less than 1 per cent of the value of SMP imported. Further more the loss in shipment and in course of landing amounts to less than 1 per cent of the quantity received. It has to be remembered that the IDC does not charge any commission on the SMP imported and distributed unlike STC and MMTC but actuals on handling and distribution are charged. To that extent its earnings are naturally lower but its handling is no doubt efficient by any norms.

2. Whether provision has been made for purchase from indigenous sources and consequent curtailing of imports.

Imports have been going down steadily from figure of around 15,000 tonnes in 1971-72 to zero imports in 1975-76. In fact, it has been the conscious and deliberate policy of Government and IDC to encourage indigenous production and curtail imports. As matter of fact, we have refused offers of additional gifts of SMP in order to stabilise and encourage indigenous production of SMP. For the first time, IDC undertook a major purchase of indigenously produced SMP in 1975-76 to the extent of 5,500 tonnes. IDC will be purchasing 4,000 tonnes of indigenous SMP this year.

3. Examine whether canalisation has been done efficiently and economically.

The comments given on the first item, would apply here also. In addition, the functioning of the IDC as a canalising agency for both

imports and distribution of SMP as also its purchase in the indigenous market has been most satisfactory. Purchases of SMP—both from abroad and in the internal market—are made at economic prices in view of the bulk order and the handling expenses are kept to the minimum. The losses on account of handling and the efficiency shown by the IDC in handling have been given in item 1 above.

4. Whether supplies have been made to genuine parties and for essential purposes.

The ILC is supplying SMP from the commercial pool to the actual users viz. public/cooperative sector milk schemes/Defence Services, large and small scale units manufacturing baby food and malted milk foods and Registered Exporter under R.E.P. Scheme. In the case of milk schemes and Defence Services the allotment orders are issued by the Department of Agriculture while in the case of other actual users, release orders are issued by the licensing authorities. Due consideration is given by the licensing authorities. i.e. C. C. I&E/Jt: CCI&E/Dy. C.C.I&E in consultation with the concerned sponsoring authorities (DGTD and Dev. Commr. (SSI) to issue release orders in favour of the genuine actual users.

5. Whether imports are kept to a minimum.

This point has already been mentioned against item 2 above. Imports both on commercial account and through gifts, are kept to the very barest minimum so as to conserve foreign exchange resources as also to allow indigenous production to come up. This can be gauged from the figures given below:—

Year	Commercial imports (MT)	Gift supplies (MT)	Total (MT)
1970-71	8,418	6,045	14,463
1971-72	15,107	4,360	19,467
1972-73	16,877	3,422	20,299
1973-74	12,195	..	12,195
1974-75	15,000	2,750	17,750

Imports have thus come down from 20,000 tonnes to zero in 1975-76. Care is being taken to ensure that imports are kept to the barest minimum and are made judiciously.

6. Examination of diverting of accumulated stocks of donated commodities under Operation Flood to public use before going in for any further commercial imports.

As a result of accumulated stocks in 1975, it was agreed by WFP on suggestion by IDC to permit utilisation of 5,000 tonnes of SMP out of WFP 618. Stocks by dairies in the non-Operation Flood areas. This is under implementation.

7. Procedure to be streamlined to cut delays in import and distribution of SMP.

The Government has been constantly reviewing the procedures for import and for distribution of SMP by the IDC and it is felt that the time lags have been reduced considerably. The issue of simplifying this procedure further whereby IDC can service the actual users more quickly and efficiently is being examined.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture
O.M. No. 22-34/75-LDI dated 24-2-1976.]

Further Information called for by the Committee

Latest position regarding reviewing and simplifying procedures for import and for distribution of SMS by IC which was stated to be under examination.

(LSS. O.M. No. 19-PU/76 dated 24-12-77)

Further reply of Government

Since 1975-76 no commercial import of SMP is being made by India Dairy Corporation and the requirements of actual users are being met by IDC from gift supplies and indigenously manufactured skim milk powder. It was decided by this Ministry during 1977 that for future purchases this Ministry will only decide the quantum of purchase of indigenous SMP and the actual purchases will be left to the IDC. The IDC has been advised that in finalising the tender offers of indigenous SMP, the following guidelines may be followed:—

- (i) SMP should be purchased equitably from all the successful tenderers.
- (ii) Efforts should be made to bring down the price of SMP further than the lowest offer received as far as possible.

The above procedure is being followed by IDC in respect of indigenous purchase of SMP during 1977-78.

[Ministry of Agriculture & Irrigation Deptt. of Agriculture
O.M. No. 29-3/77-DP, dated 22-2-78]

Recommendation (S. No. 3, Paragraph 1.21)

The Committee are surprised to note the conflicting statements made by the Corporation and the Ministry in regard to the help sought by the former from the Ministry to solve the difficulties arising out of lack of integrated services in certain States which acted as constraint on the progress of "Operation Flood". While the Corporation has stated that the difficulties experienced in this connection were brought to the notice of Government, the representative of the Ministry has stated that "We have not had any occasion of any suggestion or request from the Corporation to specifically intervene or help them in any manner concerning their activities in the States." The Committee are unhappy at this lack of close understanding and communication between the administrative Ministry and the Corporation. The Committee feel that as the "Operation Flood" Project is time-bound and spread over as many as 10 States and 4 Metropolitan cities, it is the duty of the Ministry of contemporaneously monitor the progress of implementation of the Project and to ensure that the "Operation Flood" is implemented according to schedule and all problems with the concerned States are resolved at Government level.

Reply of Government

Noted for compliance.

[Ministry of Agriculture & Irrigation Deptt. of Agriculture,
O.M. No. 22-34/75-LDI dated 1-11-1976]

Further information called for by the Committee

What specific measures have been taken to ensure that the project is implemented according to schedule and all problems are resolved at Government level?

[LSS. O.M. No. 19-PU/76 dated 6-12-76]

Further Reply by Government

IDC which is the implementing agency is closely in touch with the State Government/State Corporation/State agencies. in the matter. In case of any serious difficulty/delay, the matter, as to when referred to the Ministry is taken up at the appropriate level to

ensure expeditious action by the State Government or concerned agencies.

[Ministry of Agriculture & Irrigation, Deptt. of Agriculture,
O.M. No. 22-34/75-LDI dated 23-2-77]

Recommendation (S. No. 4, Paragraph 1.22)

The Committee further recommend that the Government's representatives on the Board of the Corporation should be asked to act as eyes and ears of the Government and serve as the regular line of communication between the Ministry and the Corporation and if any problems affecting the progress of the project come to their notice, they should without any delay, bring them to the notice of the Ministry. The Ministry should not hesitate to take initiative to provide necessary help and assistance to the Corporation and if necessary take up the matter with the State Government to resolve the problems and constraints in the interest of timely implementation of the Projects.

Reply of Government

Noted for guidance.

[Ministry of Agriculture & Irrigation, Deptt. of Agriculture,
O.M. No. 22-34/75-LDI dated 1-11-76]

Recommendation (S. No. 5, Paragraph 1.23)

As regards the difficulties of the Corporation relating to the funds for taking up various schemes under the Fifth Five Year Plan and the matters relating to price revision of SMP and BO, procedure for import of SMP on commercial account and setting up of an organisation for running of mother dairy at Delhi, the Committee have given their comments elsewhere in the Report.

Reply of Government

Noted for guidance.

[Ministry of Agriculture & Irrigation, Deptt. of Agriculture,
O.M. No. 22-34/75-LDI dated 1-11-1976]

Recommendation (S. No. 6, Paragraph 2.24)

The Committee would like the Corporation to take stock of the loans granted to States and initiate action with the help of the Ministry to recover instalments of loans which have fallen due. The Committee would like to be informed of the developments in the matter.

Reply of Government

At the instance of Indian Dairy Corporation, this Ministry took up the matter with the various State Governments requesting them to expedite the payment of loans and interests. As a result of concerted efforts, a larger portion of the loans/interests has already been repaid to the I. D. C.

[Ministry of Agriculture & Irrigation, Deptt. of Agriculture,
O.M. No. 22-34/75-LDI, dated 4-6-77]

Recommendation (S. No. 7, Paragraph 2.25)

The Committee note that though the supply of gift materials has picked up now, it has become difficult for the Corporation to push larger quantities of gift materials in the market to generate more funds with the result that about 14,000 tonnes of SMP and 15,000 tonnes of BO, of value about Rs. 20 crores are in stock with the IDC. The milk handling capacities of the existing four metropolitan cities have reached their limits and the new Mother Dairies (except Delhi and Bombay) have not yet been commissioned, and hence pushing larger quantities of SMP and BO through them has not been possible. The Committee stress that the Corporation/Ministry should review in detail the progress of developmental works connected with the Dairies so as to speed them up. The Committee expect the administrative Ministry to take up matters directly with the State Governments where it is not possible to resolve the matters promptly at the level of the Corporation.

Reply of Government

The Mother Dairy at Madras has been commissioned and the Calcutta Mother Dairy is expected to be commissioned shortly. This will facilitate the disposal of more WFP—donated commodities. Further, the WFP have agreed to utilize the commodities to the extent of 500 tonnes of SMP and 2,000 tonnes of Butter Oil for the non-operation flood dairies. With these developments, progress of implementation of the programmes has made headway.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture,
O.M. No. 22-34/75-LDI dt. 29-1-77]

Recommendation (S. No. 19, Paragraph 3.54)

The Committee are informed that the Calcutta Mother Dairy was expected to be commissioned by June, 1976 and the IDC had been assured by the West Bengal Government that appropriate steps

for setting up the administrative machinery to run the dairy and train the personnel were being taken. They are now informed that the Dairy will be completed by later half of 1976. The Committee are unhappy to note that there will be slippage in the completing and commissioning of the Mother Dairy. They stress that the Corporation/Government should take stock of the position, in consultation with the State Government and local authorities, take concerted and concrete measures in the light of their experience in other Metropolitan cities so as to ensure that the Calcutta Mother Dairy is commissioned without avoidable delay.

Reply of Government

The observations of the Committee have been communicated to West Bengal Government by IDC. The Mother Dairy at Calcutta is likely to be commissioned by the end of the year 1976. Government of West Bengal is yet to decide finally on the agency to manage this dairy. Discussions are being held with the project authorities to sort out the problems.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture,
O.M. No. 22-34/75-LDI dt. 29-1-77]

Recommendation (S. No. 19, Paragraph 3.55)

The Committee are greatly disturbed to find that even though the construction of Madras and Calcutta Mother Dairies has reached the final stage, final decision regarding the modalities of distribution of milk of these dairies has not been taken so far.

They need hardly point out that delay in taking timely decision in this important matter is sure to reflect on the timely commissioning of the respective Dairies. They recommend that the distribution modalities should be decided without any further delay, at least well before the commissioning of the dairies in these places. The Committee have made detailed observations in this respect in a subsequent section.

Reply of Government

Government of Tamil Nadu and West Bengal have been apprised of the Committee's views.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture,
O.M. No. 22-34/75-LDI dt. 29-1-77]

Further Information called by the Committee

(i) What is the latest position in regard to completion of the Mother Dairy at Madras and Calcutta?

(ii) Have the Governments of Tamil Nadu and West Bengal since finalised the modalities of distribution of milk of the Mother Dairies in the cities of Madras and Calcutta and if so, please furnish details thereof?

[LSS O.M. No. 19-PU/76]

Further reply of Government

(i) The Mother Dairy at Madras has been completed and commissioned in December 1975. The Mother Dairy in Calcutta has been completed and the distribution system is yet to be installed.

(ii) In case of Madras, approximately 25,000 litres of milk will be distributed through bulk vending booths and the mode of distributing balance quantity either through bulk vending booths or plastic sachets will be decided after seeing the performance of the bulk vending booths. Five bulk vending booths have so far been commissioned in Madras.

After protracted correspondence, the West Bengal Government has finalised the distribution system for the Mother Dairy at Calcutta as follows:—

Plastic sachets 3, 90,000 ltrs.
Bulk vending booths 10,000 ltrs.

	4,00,000 ltrs.

The sites for bulk vending booths are being located and arrangements are being made by the West Bengal Government to take over the selected sites. Orders for three sachet filling machines have been placed and the same are expected to be supplied to Calcutta by July, 1977. Some additional sachet filling machines will be needed and arrangements are being made to procure them.

The West Bengal Government is not having a rethinking about the above distribution system. The Government now wants to set up 20 bulk vending booths. After seeing the performance of bulk vending booths and plastic sachets, the West Bengal Government will finally decide the mode of distribution for the balance quantity.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture,
O.M. No. 29-3/77-DP, dated 29-6-77]

Further Information called by the Committee**Recommendation (S. Nos. 7 & 19, Paragraphs 2.25 & 3.54)**

Brief Subject: *Mother Dairies Calcutta*

Please state the steps taken to ensure that there will not be any slippage in schedule of commissioning the dairy at Calcutta. Please also state whether a final decision in regard to the agency to manage the Dairy at Calcutta has been taken.

[LSS O.M. No. 19-PU/76 dated 6-12-76]

Reply of Government

The construction and installation of the Dairy is almost complete and it can be commissioned section-wise as soon as required arrangements are made. The West Bengal Government has so far not placed in position any staff to plan the programmes of procurement and marketing of milk and to take over the dairy and it is likely that the commissioning of the dairy will be delayed by three months or so. Further the distribution arrangements were decided only recently and it will take time to set up the same. Although advised otherwise the State Government has decided that this dairy would be run by the same agency which is running the Greater Calcutta Milk Scheme viz. the Milk Commissioner, West Bengal although as a unit separate from the Belgachia Dairy. IDC had suggested that it may be desirable to have a separate autonomous organisation to run the new dairy so that it can be insulated from the unsatisfactory features of working of the Greater Calcutta Milk Scheme.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture,
O.M. No. 22-34/75-LDI dt. 29-1-77]

Recommendation (S. No. 8, Paragraph 2.26)

The Committee find that according to the Second Inter-Agency Review Mission, a proposal which seemed to have some merits was for WFP to permit the IDC to sell part of the SMP in small consumer packs for direct consumer use, also outside the "Operation Flood" area, and to convert part of the butter oil into ghee for sale as such. The Committee are informed that the Corporation is not in favour of the proposal since according to the Corporation there is improvement in milk supply position since 1974 winter and there is temporary glut of milk products like SMP, ghee, butter in the market and the release of gift materials in the market will therefore have effect on prices and act as dis-incentive to payment of remuneration.

relative prices to milk producers thus affecting adversely indigenous milk production. The Ministry, however, expect the position regarding consumption of SMP and B.O. to improve in the summer of 1976. While the Committee are happy at the improvement in the milk supply position within the country, they do not think milk market all over the country have reached a saturation point, so as not to be able to absorb additional supplies of SMP and ghee. The Committee would like the Government/Corporation to study the supply position of milk and milk products in all the regions in consultation with the State authorities and find out a solution to the problem which should not only help the Corporation clear its stocks of SMP and B.O. and generate more funds for the speedier implementation of dairy development projects in the interest of the milk consumers but also safeguard the interests of milk producers.

Reply of Government

In February, 1976, WFP permitted sale of 5000 MT SMP and 2000 MT B.O. to dairies outside the Operation Flood area. Thereafter a reference was made by the Ministry of Agriculture to all the Directors of Animal Husbandry and Milk Commissioners in all States to intimate the requirements. The response has not been much. Some of the dairies wanted to be provided with homogenizers to enable them to use SMP and B.O. IDC has taken steps to import homogenizers and orders will be placed on suppliers as soon as the import is cleared by Government of India. Further the butter oil which is found unfit for recombination into milk but fit for human consumption has been offered to sweet-meat manufacturers/ghee trade for use/sale as cooking medium or for blending into ghee. During the period December, 1975 to August, 1976 quantity of B.O. unfit for recombination (or likely to deteriorate in storage) disposed was 1900 MT. Selling agents have been appointed in certain areas to push up sales and advertisements have been issued in the press. Also organisations like Super Bazar, New Delhi and MAFCO, Bombay have been approached to sell B.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture,
O.M. No. 22-34/75-LDI dt. 29-1-77]

Further Information called by the Committee

What is the latest position about the disposal of 5,000 MT SMP?

(ii) What is the position about the proposal regarding supply of homogenizers to the Dairies in different States?

(iii) Please also indicate precisely the position regarding disposal of the remaining quantity of B.O. How much has been disposed of

and how much is lying with IDC and when is the balance likely to be disposed of?

[LSS O.M. No. 19-PU/76 dated 6-12-76]

Reply of Government

(i) & (iii): The position about stock of SMP and B.O. from WFP is as under:—

	(Figures in MTs)	
	SMP	B.O.
Stock as on 1-1-1976	13,838	10,608
Stock as on 1-12-1976	3,134*	1,480
Issues upto 30-11-1976 out of 5,000 MT SMP and 2,500 MT allowed to be issued to parties other than metropolitan dairies	1,550	825

*Excludes 1800 MT loaned to commercial SMP Pool.

It will be observed that the stock levels have come down substantially. Issues increased due to increase in through put of the metropolitan city dairies and sale of the old stock of butter oil. The stock in hand is likely to be disposed during the next three months. Requisitions have been placed with the WFP for supply of further stocks and all efforts are being made to ensure receipt and utilisation of maximum possible quantity within the limits of 1,26,000 MT of SMP and 42,000 MT of B.O. provided in the agreement with the WFP.

(ii): Tenders have been invited for purchase of homogenizers, and the orders will be placed soon after various formalities have been completed.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture,
O.M. No. 29-3/77-DP dated 22-2-78]

Recommendation (S. No. 9, Paragraph, 2.28)

The Committee are concerned to note that WFP authorities are demanding a commitment from Government that normal commercial imports should be maintained at the level of 20,000 MT of SMP per year. The Committee note that while imports of SMP varied between 12,000 to 17,000 tonnes from 1971-72 to 1974-75, there was no import in 1975-76. The purpose of the programme is to generate self-reliance in the matter of milk production in the country. The Committee have, therefore, no doubt that there is no question of entering into any commitments which would be counter-productive to this basic objective.

Reply of Government

Noted for guidance.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture,
O.M. No. 22—34/75-LDI, dated 1st Nov, 1976]

Recommendation (Sl. No. 10, Paragraph 3.13)

The Committee note that the Corporation has drawn up a comprehensive and integrated programme of eleven Action items under the 'Operation Flood' which are to be completed in three phases over a period of five years, now extended to 7 years (*i.e.* by end of June, 1977). Action items Nos. 1, 2, 4, 5, 6 and 7 are being implemented by Project authorities in the States and Union Territories and Action Items Nos. 3, 8, 9, 10 and 11 are under the direct investment of the Corporation. The representative of the Ministry of Finance has stated during evidence that in the initial one and a half year "there was lapse on the part of our organisation, you may call it IDC or the Agricultural Ministry." The Ministry of Agriculture stated that the Project did not progress in the first phase according to the targets as no lead period was provided to prepare for taking up the programme and raising of the required infrastructure for taking up expansion of the existing dairy plants and construction of the new plants took time because of initial teething troubles. After the initial delays, the project is reported to have picked up and it is stated that the progress is being maintained.

The Committee are informed that the schemes relating to Action items Nos. 1 to 5, 8, and 9 are expected to be completed by June, 1977. From this the Committee are left with the impression that the other Action Items are not likely to be completed even by the end of the extended period of the Project. They have made observations on the progress made under individual Action Items in the subsequent sections of this chapter.

Reply of Government (Department of Agriculture)

Noted.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture
O.M. No. 22—34/75-LDI dated 1st Nov., 1976]

Recommendation (S. No. 11, Paragraph 3.42)

The Committee note that as part of phase I of the 'Operation Flood', the IDC evolved a central processing system, otherwise, called 'Mother Dairy'. The Committee are informed that though

the Corporation submitted the project report for the construction of the Mother Dairy at Delhi to the Ministry of Agriculture and the Planning Commission in July, 1971, the sanction of the Government was issued in August, 1972. The Dairy which was to be completed in August, 1973, was actually completed and commissioned in December, 1974. It has been stated that since the Dairy was not to have the conventional system of sale in bottles but through bulk vending milk booths, the clearance of the proposal by different departments took time. Even then, the Committee regret to observe, there was no justification for the Government to take 13 months to issue sanction to the project which ultimately resulted in delaying the completion and commissioning of the dairy.

The Committee are informed that one of the reasons for the delay in commissioning was the inordinate delay in acquiring the site for the Dairy which was stated to have been handed over by the Delhi Development Authority in June, 1973, *i.e.* about 60 days before the scheduled date of commissioning. There was also considerable delay in acquiring sites for the vending units because a number of agencies were involved in arriving at a decision in this regard. The Committee cannot appreciate the delay on the part of the Delhi Development Authority and other bodies in acquiring/deciding sites for the Mother Dairy and the vending units. They feel that the Ministry should have come forward and used their influence with the authorities to cut short the delay and helped the Corporation/NDDDB in expediting the completion and commissioning of the Dairy.

Reply of Government

Noted.

[Ministry of Agriculture & Irrigation, Deptt. of Agriculture,
OM No. 22—34/75-LDI dated 1-11-1976]

Recommendation (S. No. 12, Paragraph 3.43)

The Committee are informed that, according to the guidelines issued by the Department of Agriculture areas in the walled city, the new colonies that had come up in and around Delhi and the areas where the Delhi Milk Scheme had not fully satisfied the demand through its booths were to be catered to first. They do not think that all the areas of South Delhi, where most of the 61 booths set up by November, 1975 are located, satisfy the criteria laid down in the guidelines issued to the NDDDB in this regard. They would like to stress that the NDDDB/Corporation should bear these guidelines in mind and set up booths first in these areas

which are at present not served or inadequately served by the Delhi Milk Scheme so that there is equitable distribution of milk in all the parts of Delhi.

Reply of Government

NDDB has indicated that the initial concentration of booths in the South Zone was due to easy availability of sites and poor DMS coverage in that zone, and non-availability of sites in other areas. Position of booths at the middle of September, 1976 was as under:—

Commissioned	116
Under construction	70
Total	<u>186</u>

A committee, consisting of Joint Commissioner (DD), Chairman, OMS and Project Administrator, NDDB, formed in May, 1975, after considering representations from various localities had felt that NDDB should concentrate on the selection of remaining (61) sites in the peripheral areas not covered by DMS and some other uncovered areas. Hence no specific deviations from the guidelines issued to NDDB for site selection (except for handicaps in respect of availability and clearance of sites) have been made.

[Ministry of Agriculture & Irrigation, Deptt. of Agriculture, O.M. No. 22—34/75-LD I, dated 29-1-1977]

Further Information called for by the Committee

Brief Subject: *Mother Dairy Delhi.*

- (i) What is the latest position about setting up of the 61 milk booths in Delhi. By which dates are these expected to be completed and at what places will be located.
- (ii) What is the latest position regarding 70 booths under construction. When are these likely to be completed and commissioned? Are these located in areas which are not served by I.D.C., so far or inadequately served by DMS.
- (iii) Do you also propose to set up milk booths in the vicinity of big hospitals in Delhi. If so, please give details thereof?

[LSS O.M. No. 19-PU/75 dated 6-12-1976]

Reply of Government

(i) & (ii) Out of total 200 booths sanctioned, 145 have been commissioned and 55 are under construction. Zonewise distribution of booths commissioned is as under:

South Zone	57
New NDMC Area	13
Civil Lines (Mun. Corpn. Delhi) Area	17
Karol Bagh (MCD) Area	14
West Zone (MCD) Area	30
Sadar Zone (MCD) area	2
City Zone (MCD) Area	2
Shahdara (MCD) Area	9
Delhi Contonment	1
	145

Out of the above 145 booths, 41 are located in Jhuggi Jhonpdi and low income group colonies and resettlement areas. 55 booths under construction are likely to be completed by May 1977. Out of these, 29 are located in Jhuggi Jhonpri and low income group colonies and resettlement areas. New and outlying colonies not served adequately by DMS were given particular consideration while locating booths. A proposal is under consideration for setting up additional 24 booths each with 2,000 litre capacity storage tank and with four faucets.

(iii) The following Bulk Vending Booths of Mother Dairy have already been completed and commissioned in the vicinity of big hospitals in Delhi:

<i>Booth No.</i>	<i>Location</i>
1. 207	In the premises of All India Institute of Medical Sciences (Opp. Safdarjang Hospital).
2. 213	Along the compound wall of Willingdon Hospital Campus.
3. 401	Asaf Ali Road near G. B. Pant/Irwin Hospital.
4. 311	Ganga Ram Hospital Road Near Ganga Ram Hospital

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture
O.M. No. 22—34/75-LD.I, dated 24-2-1977]

Recommendation (S. No. 12, Paragraph 3.43)

Further (latest) information called for by the Committee

Latest position regarding setting of milk booths in Delhi. Please also indicate the position about the milk booths to be set up in walled city & J.J. colonies etc. in Delhi.

[LSS O.M. No. 19/PU-76 dated 20-12-77]

Reply of Government

Out of the 200 booths initially sanctioned, 190 booths are in operation and the remaining 10 booths all of which are to be set up in the resettlement colonies, are yet to be commissioned. It has been decided to set up further 27 booths, out of which sites for eight booths including two in J. J. Colonies have been released and construction work is in progress. The remaining 19 sites are being finalised in consultation with the concerned local authorities.

Out of the 190 booths presently functioning, six are in the walled city, seven are in J.J. Resettlement colonies and 53 are in low income area. Out of the new 19 sites to be finalised, four are likely to be within the walled city.

[Ministry of Agriculture & Irrigation, Deptt. of Agriculture & Irrigation O.M. No. 29-3/77-DP, dated 22-2-1978]

Recommendation (S. No. 12, Paragraph 3.44)

The Committee note that though sites have been selected by NDDB/Corporation for new vending units in the walled city and J.J. Colonies, the clearance of the concerned Municipal authorities has not been received. They would like the NDDB/Corporation to take up the matters with the Municipal and local authorities at the highest level and settle the matters expeditiously. They feel in such cases the Ministry should voluntarily lend full support to the IDC/NDDB in getting prompt clearance for its proposals from the Municipal authorities. The Committee would like the Ministry/Corporation/NDDB to impress upon the local authorities DDA that provision of sites for milk booths in new localities which are being developed or which may be developed in future should be part of the integrated planning in the new colonies so that there are no delays as and when it becomes necessary to open booths there.

Reply of Government

Most of the disputed sites belong to private parties/CPWD and the main reason for slow progress in clearance of sites is the lengthy procedure, as so many authorities are involved in clearance. This subject was taken up by the NDDB at the level of the Union Minister of State for Agriculture particularly for clearance of sites belonging to CPWD, which were later released by the Ministry of Works & Housing. Also, weekly meetings are held of the sub-committee convened by the Dy. Commissioner, DMC to coordinate with various departmental authorities to smoothen out the procedures of site selection.

Number of booths around JJ colonies and other poor areas is as under:—

Commissioned	41
Under construction	29.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture
O.M. No. 22-34/75-LD.I, dated 29-1-1977]

Further Information called for by the Committee

It was recommended by the Committee that "the Ministry/Corporation/NDDB should impress upon the local authorities/DDA that provision of sites for milk booths in new localities which are being developed or which may be developed in future should be part of the integrated planning in the new colonies so that there are no delays as and when it becomes necessary to open booths there". Have the Ministry/Corporation impressed upon local authorities to keep this matter in view in the newly developing colonies?

Reply of Government

Yes, this has been done and booths are now being planed by CPWD and Delhi Development Authority as a part of their plans in the new colonies.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture,
O.M. No. 20-1-1977]

Recommendation (S. No. 13, Paragraph 3.45)

The Committee need hardly stress that the working of machines and other equipment at each vending unit should be kept under

continuous watch and, as and when any defect comes to notice, the Corporation/NDDB should ensure that it is attended to promptly to avoid inconvenience to the consumers. They hope that the Corporation has made regular arrangements to check the quality of milk in the vending units before the commencement of sale to ensure that the milk dispensed is of the prescribed standard.

Reply of Government

NDDB who have established the Mother Dairy at Delhi on turn-key basis, is managing the Dairy and in order to ensure the quality, they are making regular quality checks.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture
O.M. No. 22-34/75-LDI, dated 1-11-1976]

Further Information called for by the Committee

Brief Subject: *Mother Dairy Delhi*

Have any complaints about the quality of milk been received during 1975-76 and 1976-77 (so far). If so, please give details indicating the nature of complaints. Please also state the action taken by the authorities concerned on such complaints?

[LSS O.M. No. 19-PV/76, dated 6-12-1976]

Further Reply by Government

There have been no major complaints about the quality of milk. However, since inception of the Dairy, 35 consumers had individually made minor complaints. These were mostly based on rumours with regard to addition of Soyabean to milk, deterioration of quality consequent to reduction of price (Price of Mother Dairy milk which was initially Rs. 2.20 per litre was reduced to Rs. 2.00 per litre from 15-12-1975) etc.

In case of every complaint received, the complainant is personally contacted by senior officers of the Dairy to investigate the facts of the complaints; the concerned booth is immediately placed under surveillance and surprise checks are conducted by drawal of samples.

Necessary steps have also been taken to dispel the rumours which were based on ignorance, through publicity media.

A suggestion Book is being kept at each of the Booths apart from facility of round the clock telephone system at Mother Dairy.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture
O.M. No. 22-34/75-LDI, dated 29-1-1977]

Recommendation (S. No. 15, Paragraph 3.48)

The Committee recommend that the two dairies in Delhi should immediately conduct under the guidance of the Ministry, a point survey of the area-wise milk demand in all the parts of Delhi, modality of distribution preferred by each locality and evolve joint and long term strategy for setting up new or additional vending units/booths, consistent with their present capacity and future expansion so to progressively cover all part and all sections of the people of the city in a planned manner. They would stress that while setting up new milk booths the localities where economically weaker sections of society reside predominantly should receive prior attention and so long as there is price differential between the milk distributed by the two dairies, the opening of milk booths should be so planned that booths of cheaper milk are preferably opened in localities of economically weaker section.

Reply of Government

Noted.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture
O.M. No. 22-34/75-LDI dated 20-1-1977]

Further Information called for by the Committee

What specific action has been taken in regard to conducting of joint survey of the area-wise milk demand in all the parts of Delhi especially the localities where economically weaker sections of people reside?

[LSS O. M. No. 19-PU/76 dated 20-5-77]

Reply by Government

Regular surveys have been made by the Mother Dairy staff with special reference to supply of milk to weaker sections of society. Lists of Booths already commissioned and under construction, with this objective are attached.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture
O.M. No. 29-3/77-DP, dated 4-6-77]

Table showing area-wise location of booths commissioned
(As on 30-4-1977)

Zone	Series	J. Re-settlement colonies	Low Income areas	General	Total Booths
South -I	001	1	8	32	41
South-II & Delhi Cantt.	101	22	22
NDMC	201	..	3	24	27
Karol Bagh	301	1	4	12	17
Sadar	401	..	8	..	8
City	401	..	4	2	6
Civil Lines	501	1	3	17	21
West	601	2	16	19	37
Shahdara	701		7	2	9
TOTAL		5	53	130	188

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture
O. M. No. 29-3/77-DP, dated 29-6-77]

Further (latest) Information called for by the Committee

It has been stated that regular surveys have been made by Mother Dairy Staff in connection with supply of milk to weaker sections of society. Was Delhi Milk Scheme staff associated with such surveys?

[LSS O. M. No. 19-PU/76 dated 3-9-76]

Reply of Government

The National Dairy Development Board, Anand has conducted marketing surveys including Delhi as part of their Management and Information services. The survey includes the resettlement colonies which is inhabited by weaker sections of society.

Mother Dairy and Delhi Milk Scheme have been asked to identify resettlement colonies regarding further scope of setting up booths by one or the other dairies and to survey the existing milk supply arrangements.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture,
O.M. No. 29-17/80-DP, dated 6-10-80]

Recommendation (S. No. 16, Paragraphs 3.49 and 3.50)

The Committee hope that the existing public sector dairies and the New Dairy in Bombay, Calcutta and Madras will also be advised to conduct joint surveys to plan an integrated approach in regard to the opening of new booths so as to ensure even distribution of booths and equitable supply of milk in all the localities. The Committees need hardly point out that the management should not spare any efforts to ensure economic and efficient working of Delhi Mother Dairy and earn consumer satisfaction so that its success sets the pace for other dairies and prepares the base for future schemes to subserve the underlying objects of 'Operation Flood'.

Reply of Government

Para 3.49. The Indian Dairy Corporation have appraised the Governments of Maharashtra, Tamil Nadu and West Bengal about Committee's observation.

Para 3.50. Noted by Indian Dairy Corporation for guidance.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture
O.M. No. 22-34/75-LDI, dated 20-1-1977]

Recommendation (S. No. 17 Paragraphs 3.51 and 3.52)

The Committee learn that the Kurla Dairy (Bombay) has been formally commissioned on 9th February, 1976, and the Maharashtra Government propose to distribute milk through sachet packets (1 lakh litres) and mobile tankers (2 lakh litres). The Committee will be interested to know about the experience of the working of this Dairy. The Committee are concerned to note the lack of agreement between the Maharashtra Government and the IDC in regard to the distribution modalities. They regret to observe that an important question like this was not finally settled before the commissioning of the Bombay Mother Dairy. They feel that in a situation like this, the Ministry should have intervened and taken initiative to resolve the problem well in time. They would like

that at least now the Ministry should take up the matter with the State Government in the light of the Committee's observations in the subsequent section on "Distribution System" and resolve the problem so as to ensure efficient distribution of milk at most economic cost to the satisfaction of consumers.

The Committee find that cost estimates of Rs. 521.83 lakhs for the establishment of the Dairy incorporating the final decision of the Maharashtra Government with regard to distribution system are still awaited by the IDC. The Committee would like the Corporation to obtain the details of the cost estimates from the Maharashtra Government without further delay and finalise the matter expeditiously.

Reply of Government

The Government of Maharashtra has been apprised of the Committee's observations and has been requested to finalise the distribution system at the earliest. The State Government of Maharashtra has now initiated action to finalise the distribution system of milk. Further follow up action is being taken by the Indian Dairy Corporation in the matter.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture
O.M. No. 22-34/75-LDI, dated 20-1-77].

Further Information called for by the Committee

- (i) Please state the concrete action taken by the Ministry/ IDC in resolving the problem of distribution system in Bombay?
- (ii) Please also state whether the distribution system of milk in Bombay has since been finalised?
- (iii) What is the latest position reg. cost estimates which was to be obtained from the Maharashtra Government?

[LSS O.M. No. PU/76 dated 20-5-77].

Reply of Government

(i) The distribution system for Mother Dairy at Bombay has been finalised by the Maharashtra Government.

(ii) Yes. The Kurla Mother Dairy at Bombay will be distributing milk through plastic sachets and in bulk through cans. Four sachet filling machines are under import and they are expected to reach by July 1977.

(iii) The cost estimates for the Mother Dairy at Kurla have been finalised by the Maharashtra Government and the same is under the scrutiny of the IDC. It is expected that the estimates will be finalised at the next meeting of the IDC Board scheduled in July, 1977.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture
O.M. No. 29-3/77-DP, dated 29-6-77].

Recommendation (S. No. 18) Para 3.53

The Committee note that the Mother Dairy at Madras which was expected to be commissioned during August-September, 1975, has not been commissioned so far though the trial runs have been started from December, 1975. Three bulk vending units have been commissioned and the remaining 24 units are stated to be under construction. The Committee suggest that Corporation should take all measures in consultation with the State agencies and local authorities to ensure that there is no further delay in commissioning the Mother Dairy. As regards the distribution system to be adopted by this Dairy, the Committee have made observations in subsequent section of the Report.

Reply of Government

The Mother Dairy at Madras has since been commissioned and it was inaugurated formally by the President of India on 16th April, 1976.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture
O.M. No. 22-34/75-LDI dated 3-11-76]

Recommendation (S. No. 20, Para 3.56)

The Committee have no doubt that the Corporation|NDDB and the Managements of the New Dairies in the four Metropolitan cities keep in mind their responsibilities to develop milk sheds in the hinterland and will make continuous efforts in that direction so that as the demand grows, they can procure larger supplies of milk to meet the local demand. They would suggest that constant watch should be kept on the demand and supply of milk in these cities so as to ensure that supply matches the expanding demand, and not only the producers get fair price for their milk but the consumers also receive milk of good quality at competitive price. The Committee would like the demand and supply of milk, pricing and the opening of milk booths to be suitably reflected in the Annual Report of the Corporation.

Reply of Government

The Committee's observations have been communicated to Governments of Maharashtra, Tamil Nadu and West Bengal by the Indian Dairy Corporation in the IDC Annual Report for 1975-76. IDC has been instructed to reflect the data regarding demand/Supply/pricing/opening of milk booths etc. in respect of 4 metropolitan towns, in the annual reports in future.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture,
O.M. No. 22-34/75—LD.I, dated 1-11-1976]

Recommendation (S. No. 20, Paragraph 3.57)

The Committee need hardly point out the need for a close and continuous cooperation between the existing dairies and the new dairies in Bombay, Calcutta, and Madras so as to ensure that there is fair and equitable distribution of milk in all parts of the cities and amongst all sections of the people. Particularly the economically weaker sections of society. They have no doubt that some sort of institutional arrangement will be made to bring about close coordination between the existing dairies and he new dairies in Bombāy, Calcutta and Madras to avoid duplication of efforts and overlapping of functions in the interest of their observations made in regard to Delhi Mother Dairy in paras 3.47 to 3.49 and hope that these observations will be kept in mind while commissioning and running the Mother Dairies and setting up vending units in Bombay, Calcutta and Madras.

Reply of Government

The Indian Dairy Corporation have apprised the Government of

Maharashtra, Tamil and West Bengal above Committee's observations.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture,
O.M. No. 22-34/75—LD.I., dated 20-1-1977]

Further Information called for by the Ministry

(i) It was stated by the Ministry that the IDC had apprised the Governments of Maharashtra, Tamil Nadu and West Bengal about Committee's observations. Please state the outcome of action taken by IDC.

(ii) What concrete measures have been taken to bring about co-ordination between the existing dairies and the new dairies in Bombay, Calcutta and Madras.

[LSS O.M. No. 19-PV/76, dated 20-5-1977]

Reply of Government

(i) The West Bengal Government have stated that the sites for bulk vending booths have been selected jointly by the Project Cell of the Government of West Bengal and National Dairy Development Board and the Milk Commissioner is consulted at all stages. The State Government has further said that in selecting sites for booths for supply of milk in pouches, the Milk Commissioner would also be consulted as usual. The observations of the Committee on Public Undertakings have been brought to the notice of the Governments of Maharashtra and Tamil Nadu through the members of Consultative Committee of Indian Dairy Corporation in which States are represented and also by specific letters written to the State Governments. Their replies are awaited.

(ii) Both the new Dairies and existing Dairies in Bombay are run by departmental basis by the Dairy Development Commissioner. Since it is run by the same authority, there is no problem of co-ordination. The existing Calcutta Dairy is run on departmental basis by the Milk Commissioner, West Bengal. The new Dairy is proposed to be run on departmental basis. The existing and new dairies in Madras are run by the Tamil Nadu Dairy Development Corporation. No problem in respect of co-ordination between the new and existing dairies has come to the notice of this Ministry in respect of the functioning of new dairies in Madras and Calcutta also.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture,
O.M. No. 29-3-/77-DP, dated 29-6-1977]

Recommendation (S. No. 21, Paragraph 3.58)

The Committee would like that the working results of the Mother Dairies in Delhi, Bombay, Calcutta and Madras should be maintained separately so as to enable the Government and the management to keep a watch on its economics and profitability and take remedial measures as and when necessary.

Reply of Government

In respect of the Delhi Mother Dairy, NDDDB is presently keeping separate accounts. Whenever the management of the Delhi Mother Dairy is entrusted to another institution, the Government of India will ensure this. In respect of the other three Mother Dairies, the Government of Maharashtra, Tamil Nadu and West Bengal have been apprised of the Committee's views by IDC.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture,
O.M. No. 22-34/75—LD.I., dated 1-11-1976]

**Recommendation (S. Nos. 17, 18, 19, 20 and 21, Paras 3.51)
3.52, 3.53, 3.55, 3.57 & 3.58)**

Further (latest) information called for by the Committee

Latest position regarding setting of bulk vending booths and distribution system of Mother Dairy at Bombay, Calcutta and Madras.
[LSS O.M. No. 19-PV/76, dated 24-11-77]

Reply of Government

Distribution systems in respect of the Bombay, Calcutta and Madras Mother Dairies have finalised which areas under:

Madras: The Ambattur Mother Dairy with a capacity of 2 lakh litres per day is to distribute 1,30,000 litres of milk in plastic sachets, 20,000 litres through bulk vending milk booths, and the balance through milk cans. Four sachet machines have been commissioned and 3 more machines are likely to be commissioned during this year. Number of bulk vending machines installed and commissioned so far is 9 and 3 more are likely to be commissioned shortly.

Bombay: The Kurla Mother Dairy with a capacity of 4 lakh litres per day will distribute 3 lakh litres in plastic sachets and 1 lakh litres through milk cans. 9 Sachet machines have been installed and commissioned and 6 more are expected to be commissioned during this year. 4 bulk vending booths installed and commissioned on trial basis are being operated by the MAFCO.

Calcutta: The Dankuni Mother Dairy with a capacity of 4 lakh litres per day will distribute 3,90,000 litres in plastic sachets and 10,000 litres through bulk vending booths. 3 sachet machines have been installed and commissioned and 6 more machines are likely to be commissioned by March, 1979. 7 bulk vending booths are under construction and are likely to be commissioned shortly.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture,
O.M. No. 29-3/77-DP, Vol. II, dated 22-2-78]

Recommendation (S. No 22, Paragraphs 3.78 & 3.79)

The Committee note that the Corporation decided to introduce bulk vending system in Delhi which is stated to have many advantages. The Committee note that the representative of the Ministry of Finance was rather sceptic about the success of bulk vending system in Indian conditions and he also pointed out during evidence that these machines required some standard of maintenance and handling which, in this country at this stage of development might not be possible. The Committee seen reasons why a machine which has been manufactured in India, cannot be maintained by Indian engineers in working conditions.

The Committee are informed that the bulk vending system was first tried in Mexico but had not succeeded there. They learn that an Experts Committee is to assess the economics and utility of bulk vending booths after at least 100 booths are commissioned. In view of the reported failure of the system in Mexico and the reservations about its success in India expressed by the Ministry of Finance, the Committee would like the Experts Committee to undertake a techno-economic study of the bulk vending units without delay and submit its report within three months of the presentation of this Report so that the Government/Corporation may be able to take a decision about the continuance or otherwise of the bulk vending system before it is too late. They would like the Experts Committee to find out as to why the system has not succeeded in Mexico and what preventive measures have been or should be taken to ensure that the system does not fail in India.

Reply of Government

As per the recommendations of the Committee (C.P.U.) the Expert Committee under a Techno-Economic Study of the bulk vending units, examine, *inter-alia*, the reasons of failure of the

system in Mexico, the preventive measure taken/step taken to ensure that the system does not fail in India. The recommendations of the Committee in the report are as follows:—

1. The bulk vending system did not fail in Mexico as is the impression in some quarters.
2. The difficulties encountered in Mexico have been solved in the Indian design.
3. The bulk vending system is technically sound and more economical than the bottling and sachet.
4. Under situations where bulk vending system could not be employed, other systems of distribution would need to be resorted to.
5. It is recommended on the basis of experience in Delhi the system should not only continue in Delhi and Madras but also be extended to other cities.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture,
O.M. No. 22-38/76—LDI, dt. 14-10-1976]

Further Reply of Government

A study has been carried on the bulk vending system by an Experts Committee appointed by the Government. The report of the Experts Committee has already been submitted to Lok Sabha Secretariat. The Techno-economics and other aspects of the system have been discussed in the report.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture,
O.M. No. 22-34/75-LDI, dated 20-1-1977]

Recommendation (S. No. 23, Paragraphs 3.80 and 3.81)

“The Committee note that Delhi Milk Scheme is working at a loss and the loss has been of the order of Rs. 181 lakhs in 1973-74 and Rs. 293 lakhs in 1974-75. They are distressed to note that, on the one hand Delhi Milk Scheme is itself incurring heavy losses from year to year and on the other hand its pricing policy is having an adverse effect on the economic working of the bulk vending system of IDC. The Committee would like the Ministry to go into

this matter critically and see how the economic viability of bulk vending system can be ensured in the circumstances prevailing in Delhi.

The Committee also like the Expert Committee/Ministry to consider measures to ensure that the working of both the dairies is made complementary to each other in the larger interest of the consumers and the economic viability of both the dairies."

Reply of Government

It is true that the Delhi Milk Scheme is incurring loss every year. This is due to the fact that the sale price of Delhi Milk Scheme is not sufficient to cover the procurement price of milk and the various overhead costs. Delhi being the capital of India and a sensitive area, it has not been possible for the Government to go in for increases in the price of milk, so as to run the Delhi Milk Scheme on economic lines. Delhi Milk Scheme was earlier marketing special toned milk with 3.5 per cent fat and 8.5 per cent solids-not-fat. With a view to minimise the losses of Delhi Milk Scheme, the Government took a decision that the fat content of milk be reduced from 3.5 per cent to 8.0 per cent keeping the solids-not-fat content at the same level of 8.5 per cent. The marketing of milk by the Mother Dairy through the bulk vending system has increased considerably since 1975. As against about 40,000 lit. of milk per day sold by the Mother Dairy during 1975, the present volume has increased to about 2 lakh lit. a day. This has been achieved due to setting up of more bulk vending booths. It will not therefore be altogether correct to say that the Delhi Milk Scheme milk is posing unhealthy competition to Mother Dairy Milk. It is hoped that the sale volume of mother dairy milk will further increase with the Commissioning of new booths, and the marketing of milk in sachets which will be taken up very shortly.

Coordination meetings are held periodically in this Ministry, at which representatives of Delhi Milk Scheme and Mother Dairy participate. Matters such as procurement of milk, procurement price, processing and distribution are discussed with a view to evolve a coordinated working between the two Dairies.

However, taking into account, the observations of the Committee, the pricing policies of the Delhi Milk Scheme are currently being reviewed and the possibility of suitable increase in the sale price examined.

[Ministry of Agriculture & Irrigation, Deptt. of Agriculture
O.M. No. 29-3/77-DP. dated 1-11-77]

Recommendation (Serial Nos. 24 and 25, Paras 3.82 & 3.83)

They are informed that, as recommended by the second Inter-Agency Evaluation Mission, the NDDB is considering the possibility of developing simplified construction of bulk vending units consisting of prefabricated modules of light structure so as to speed up the availability of additional units and relieve pressure on maintenance expertise. The Committee recommend that the NDDB should finalise expeditiously the design of prefabricated modules of light structure which should not only be easier in construction but also simpler in mechanism and operation so that the new booths, which are yet to be set up, can be constructed speedily and maintained easily.

The Committee are informed that the Maharashtra Government have introduced in Bombay mobile tankers which go to various localities and deliver milk at different timings. The Committee would like the NDDB/Corporation to consider the feasibility of the designing smaller bulk vending units which are not only tamper-proof and are able to retain the milk in good condition for a reasonable period, but can also be mounted on push carts or cycle-drawn carts and can be used like ice-cream trollies for sale of milk at the door-steps in localities where there may be demand for such a service.

Reply of Government

The National Dairy Development Board has examined the possibility of a pre-fabricated structure for bulk vending booths which, after detailed analysis, has not proved to be cheaper than the existing design. The life of pre-fabricated structure is expected to be much less than the conventional design. There is not much reduction in time for installation as insulation of sanitary design details have to be incorporated in the building. In the light of the above points, the NDDB has since designed a compact vending system which can be installed in any retail shop for which no special type of building/structure will be required.

The prototype of the same is under trials and it is expected that the system may be introduced commercially within a period of next 5-6 months.

[Ministry of Agriculture & Irrigation (Deptt. of Agriculture)
O.M. No. 22-34/75-LDI dated 29 Jan. 1977]

Further Information called for by the Committee

Brief subject: *Distribution System*

It was stated that "the prototype of the same is under trial and it is expected that the system may be introduced commercially within a period of next 5-6 months". Please state whether the system has been tried and introduced, if so, results of the experiment?

[LSS O.M. No. 19-PV/76, dated 24th Feb., 1977]

Reply of Government

Trials on the compact vending units have been completed and presently NDDB is negotiating for orders so that the units may be manufactured on commercial scale. NDDB has also filed an application for obtaining patent for the compact unit developed by it.

[Ministry of Agriculture & Irrigation (Deptt. of Agriculture)
O. M. No. 22-34/75-LDI, dated 24-2-1977]

Further (latest) information called for by the Committee

Latest position regarding development of compact vending units by NDDB.

[LSS O.M. No. 19-PU/76, dated 24th Dec., 1977]

Reply of Government

A prototype of the compact bulk vending unit, which is a self-contained unit having insulated cooling cabinet to store milk either in a tank or in cans, a vending faucet and a milk dispensing unit, has been developed by NDDB. The system has also since been patented by the Dairy Board. The dispensing unit has a presenting arrangement and a push button and the dispenser delivers milk to the customer in his container in terms of 500 ml. or 200 ml. to the extent of number of dispensing set on the presenting mechanism. The cooling cabinet has a capacity to store 300 litres of milk in tank or 240 litres of milk in tank or 240 litres in cans. One end of the suction pipe leading to the dispenser, is to be dipped in the milk.

The prototype made by NDDB has been tried on laboratory scale and also tried for dispensing fruit juice in Agri-Expo '77 Fair. The

performance of the machine during the exhibition was satisfactory. However, based on this experience, further modifications are being effected to make the machine more reliable. It is also proposed that further commercial trials be taken at Delhi with 3 more such dispensers, before taking up the production on commercial scale.

[Ministry of Agriculture & Irrigation (Deptt. of Agriculture)
O.M. No. 29-3/77-DP, dated 22nd Feb., 1978]

Recommendation (Serial No. 26, Paragraph 3.84)

The Committee note that Tetrapak, Sachet, bottling, bulk vending in machines and bulk vending in cans represent different methods of milk distribution, having different degrees of cost effectiveness. Except Tetrapak, all other methods are in vogue in India. They agree with the Ministry of Finance that each method may have some advantages and disadvantages in a particular situation and no one method may be suitable for metropolitan and other areas. The Committee do not agree with the Ministry of Agriculture that it is too early to make an assessment of relative merits and demerits of each system. On the contrary, they feel, that the Government Corporation should have started considering this question seriously immediately after signing the Agreement with the United Nations/FAO, World Food Programme and the merits and demerits of the various systems should have been assessed on a pilot scale in collaboration with DMS and other existing public sector dairies and a decision taken in the light of the pilot studies well before the commissioning of the Mother Dairies. If the distribution systems for the cities of Delhi and Bombay, where the Mother Dairies have already been commissioned, have been decided without such a comparative assessment, the Committee cannot but express their deep concern at the wrong approach to the problem.

Reply of Government

This Ministry agrees with the view that assessment of relative merits and demerits of each system of distribution should have started early. However, at the time of the launching of Operation Flood Programme bottling was the main distribution system in vogue. It was considered desirable initially to expand the bottling capacity of the existing dairies in order to better utilise the overall processing capacities. For the new Mother Dairies to be set up in the 4 Metropolitan Cities, bulk vending system being low in overheads was accepted on the recommendations of National Dairy Development Board. However, States of Maharashtra and West Bengal and to some extent Tamil Nadu expressed difficulty in finding

suitable locations for installation of bulk vending booths. These States desires to introduce sachet system for the new dairies for at least a part of the distribution capacity. As rightly pointed out in the above recommendation on one method may be exclusively suitable for metropolitan and other areas. All the above systems, therefore, need to be adopted in an optimum mix taking into consideration the demands of a particular situation. It is in this context that sachet filling has also been proposed in addition to bulk vending for the new dairies although the exact proportion under each system have to be decided by the States. For the same reason proposal of IDC for introduction of Tetrapak system which was at one stage dropped is under reconsideration of the Government.

[Ministry of Agriculture and Irrigation (Deptt. of Agriculture)
O.M. No. 22-34/75-LD. I, dated 20th January, 1977]

Recommendation (Sl. No. 26, Para 3.85)

The Committee recommend that Government/Corporation should immediately go into the economies and operational efficiency of the various distribution systems and determine their merits and demerits with reference to each of the four cities, viz., Bombay, Calcutta, Delhi and Madras, which are to be served by the Mother Dairies. They would like the Government to examine whether, instead of introducing one flat system of distribution in the whole of a city, it would not be better to introduce different systems in different parts of the city after taking into account the over-all preference of the people of each locality, the lay-out of the locality, operational expenses and efficiency and other relevant factors. They need hardly point out that whatever system is chosen for any locality, it should be operable at the maximum of efficiency with the minimum of overheads so that milk of good quality may become available to the common man at the most competitive prices without subjecting the Mother Dairies to any loss in the process.

Reply of Government

Government of Maharashtra, Tamil Nadu and West Bengal have been apprised of the Committee's views as the final decision about the distribution systems of their dairies vests with them. For Delhi Mother Dairy, IDC has proposed distribution of 4,00,000 litres per day through bulk vending booths and 1,00,000 litres in plastic pouches (via a separate packaging station). These will be in addition to distribution of milk in bottles by Delhi Milk Scheme. Gov-

ernment/IDC do not advocate introduction of one flat system for entire milk distribution in a city.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture, O.M. No. 22-34/75-LD. I, dated 29th Jan., 1977]

Recommendation (Sl. No. 27, Paragraph 3.97)

The Committee note that the IDC had approached the Ministry of Industrial Development for a Letter of Intent for setting up a unit for manufacture of Tetrapak paper and for approval of foreign collaboration proposal with a view to market milk in Tetrapak also alongwith other systems. After several meetings and discussions, the Ministry of Industrial Development issued the Letter of Intent and approved the foreign collaboration proposal in June, 1973. The Planning Commission is also reported to have approved IDC's proposal and made a provision for Rs. 3 crores for setting up a factory for manufacturing Tetrapak paper and for progressive manufacture of Tetrapak machines. The Committee note that the Ministry of Agriculture have decided to drop the proposal in view of the foreign exchange element in the project (Rs. 12 crores), outflow of capital, health hazards involved in burning the cartons for disposal, increase in the price of milk by about 14 paise per litre etc. etc.

The Committee are informed that Tetrapak milk because of its long life can be stored and transported without refrigeration. It is stated that it is tamper-proof and because of its long keeping quality without the need of any refrigeration, the consumers can pick up a few days requirements at a time. The long life milk in Tetrapak can reach distant and secluded areas where milk is not locally available and can also help the formation and operation of national milk grid. During Indo-Pak war in 1971, it is stated, large quantities of Tetrapak milk processed and packed at Baroda Dairy was used by army in border areas and it did not deteriorate for several weeks. It is claimed that it is possible to distribute in one shift nearly 6000 to 8000 litres of milk in Tetrapak as compared to 2000 litres in bottles and thus it will be possible to effect considerable reduction in recurring costs on transport. It is also stated that manufacture of Tetrapack paper does not involve any imported raw materials. As regards the danger of pollution, the Corporation states that pollution in plastic packets of other commodities is much more than Tetrapak system and Tetrapak is not going to contribute seriously to pollution problems as the paper degenerates. The Corporation feels that armed with this facility it would be able to feed rurally produced milk directly into the cities and the cities would not have to be exclusively depend on the urban dairies for milk

supplies. In view of this, the fear expressed by the Ministry that introduction of Tetrapak would make the country more and more dependent on milk powder and butter oil is not quite clear.

Reply of Government

The Tetrapak proposal was dropped on receipt of following observation recorded on the subject by the Prime Minister.

“Money should be used to good purpose and in pursuance of our objectives. In our economy, I still feel that the Tetrapak schemes is a luxury. I am repeating this not to reverse any decision but to alert the Ministries regarding future commitments”.

IDC has, however, requested for reconsideration of the proposal due to advantages like longer shelf life of milk, availability as grocery item, facility of filling these packs at feeder balancing dairies far away from city without straining the resources of city milk plants etc. Moreover, NCA and the U.N. Evaluation Mission have also made recommendations in favour of this system. Due to these considerations the proposal of IDC has been supported by this Deptt. and is now under the consideration of the Committee of Secretaries, for a decision.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture,
O.M. No. 22-23/75-LD. I, dated 20th Jan., 1977]

Recommendation (Sl. No. 27, Paragraph 3.97)

The Committee note that the Corporation has approached the Ministry again in 1975 to reconsider its proposal to purchase Tetrapak machines, set up laminating plant and make country self-sufficient in this field. The Committee feel that the IDC's proposal to market Tetrapak milk, alongwith other systems of marketing milk, which, it is stated, will increase the shelf life of milk and open city markets all over the country to the rural produced milk, deserves a second look. They suggest that the proposal may be studied again in depth and its economics, utility and consumer acceptability evaluated with a view to arriving at an early decision in the long range and larger interest of producers and consumers of milk.

Reply of Government

As suggested by the Committee, the Govt. is reconsidering the matter.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture,
O.M. No. 22-34/75-LD. I, dated 20th Jan., 1977]

Further Information called for by the Committee**Recommendation (S. Nos. 26 & 27, Paragraphs Nos. 3.84, 3.96 & 3.97)**

It was stated that IDC requested the Govt. to reconsider the Tetrapak proposal which was stated to be under consideration of the Committee of Secretaries for a decision. Please state the latest position of the above proposal.

[LSS O.M. No. 19-PU/76 dated 20-5-77]

Reply of Government

The issue is really the agreement in principle to marketing and distribution of milk in tetrapak. Clearance in principle has to be obtained from the Committee of Secretaries for marketing and distribution of milk in tetrapak before IDC can be given the go ahead for manufacture of tetrapak. The Committee of Secretaries which it considered the issue had raised certain points for clarification. These have since been replied to and the issue is again being examined by the Committee of Secretaries in the light of reply furnished by the Department of Agriculture.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture,
O.M. No. 29-3/77-DP, dated 29-6-77]

Further Information called for by the Committee

Brief subject: *Tetrapak*

It was stated that "the Government is reconsidering the matter".

Please state the latest position in the matter.

[LSS O.M. No. 19-PU/76 dated 24-12-77]

Reply of Government

The proposal on Tetrapak has been considered in the meeting of Committee of Secretaries on 20-10-76. The Committee has suggested further examination on certain aspects, which is being done. After that the proposal will be referred again to Committee of Secretaries for a decision.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture,
O.M. No. 22-34/75-LDI, dated 22-2-78]

Further (latest) Information called for by the Committee

Latest position regarding reconsideration of proposal by Government on 'Tetrapak'.

[LSS O.M. No. 19-PU/76 dated 24-12-77]

Reply of Government

The proposal of Tetrapak project was placed before the EDC on 5th December, 1977 and was approved in principle subject to the approval of Operation Flood II Project by the Public Investment Board. The Operation Flood II project has since been approved by PIB and the Cabinet with one of the stipulations that the three sub-projects namely (a) Foot and Mouth Disease vaccine plant (b) the Dairy Equipment and (c) Aseptic Long life milk project (Tetrapak Project) would be considered separately. In the meanwhile, IDC has applied to the Ministry of Industry for issue of industrial licence/foreign collaboration approval for the Tetrapak project.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture, O.M. No. 29-3/77-DP. Vol. II, dated 22-11-78]

Further (latest) information called for by the Committee

4. It was stated (November, 1978) that Operation Flood II Project was approved by the PIB and the Cabinet with the stipulation that the three projects viz., (a) Foot & Mouth Disease Vaccine Plant, (b) the Dairy Equipment and (c) Tetrapak Projects would be considered separately. Meanwhile IDC had applied to the Ministry of Industry for issue of Industrial licence/foreign collaboration approval for the Tetrapak project. What is the latest position?

[LSS O.M. No. 19-PU/76 dated 3-9-1980]

Further Reply of Government

(a) Setting up of Foot & Mouth Disease Vaccine Plant at an estimated cost of Rs. 18.10 crores for the manufacture of vaccine, in collaboration with M/s. Wellcome Foundation of U.K. under Overseas Development assistance of Government of U.K. has been approved by the Government of India on 7th August, 1979. The plant is being set up by IDC at Hyderabad. Construction activities are in progress and the import of equipment is yet to be made. The foreign collaboration agreement is yet to be taken on record by the Ministry of Industrial Development.

(b) The Dairy Equipment Manufacturing Project has been dropped by the IDC in favour of another Public Sector Unit, the Hindustan Machine Tools which is a more appropriate agency for the job. It is understood that the HMT's Project has been approved by the Government of India and they are taking necessary steps to put up the factory at Aurangabad (Maharashtra).

(c) The Tetrapak project consisting of setting up a Paper Laminating Plant was approved by the Government of India on 19-7-1979 after the terms for foreign collaboration had been approved by Ministry of Industry. As the cost of the project was less than Rs. 3.00 crores, the Ministry of Industry granted exemption from the requirement of an Industrial Licence. The project was, however, registered with DGTD.

The Paper Laminating Plant is under construction at Itola near Baroda (Gujarat) and is expected to be ready for commissioning in February, 1981.

However, the IDC has since submitted revised estimate for the project amounting to approximately Rs. 4.78 crores for approval. This is being examined. Since the cost of the project may be more than Rs. 3.00 crores, the IDC has already applied for an Industrial Licence for the Paper Laminating Plant.

[Ministry of Agriculture & Irrigation O.M. No. 29-17/80-DP,
dated 6-10-1980]

Recommendation (Sl. No. 28, Paragraph No. 3.111—3.114)

The Committee note that Action Item No. 9 provides for the building up of milk producers' organisation for milk procurement processing and marketing and for marketing of inputs for milk production enhancement. This Item is under the direct investment of IDC. Before the work of organisation of primary cooperative societies and their union is started by the NDDB Spearhead Team in each of the milk sheds, it is necessary that the State authority agreed to a set of pre-requisites which are essential for the sound and proper functioning of the cooperatives. These pre-requisites, for example, include the State acceptance of the model bye-laws for the primary cooperative societies and the union, agreement to permit the Milk Producers' Union to own and operate the Feeder-Balancing Dairy Plant and the Cattle-Feed Plant alongwith all the other technical inputs machinery. They are informed that in most cases it took considerable time in getting the States to agree to these pre-requisites and therefore it was not possible for the

NDDB to send the teams to the milk sheds as such efforts would have been infructuous. It is stated that Andhra Pradesh had not given any response till recently; Bihar and Punjab had agreed to the pre-requisites only towards the end of 1975. Certain States (Bihar, Haryana, Punjab) have agreed in principle to hand over the Feeder-Balancing Dairies/Cattle Feed Plants to the cooperative unions but the actual handing over has not yet been done.

Recommendation No. 28 (Para 3.112)

The Committee note that it was in May 1974, i.e. four years after the commencement of the "Operation Flood" when it was decided as a policy of the Government in the conference of State Secretaries of Agriculture, Directors of Animal Husbandry and Milk Commissioners that farmers' cooperative organisations should be the exclusive agency for collection, of rurally produced milk and that the rural dairy plant and other infra-structure must be owned and operated by them. The Committee are told that even after the policy decision there was resistance in accepting this policy by State Departments though such resistance, it is stated, has now waned and "the programme is being gradually accepted with enthusiasm". But the Committee find this is not borne out by facts. They are informed that in the States of Bihar and Andhra Pradesh the work of organising primary cooperative societies and the Union had not started till October last year (1975). In the States of Punjab, Rajasthan, Uttar Pradesh, West Bengal and Tamil Nadu, organisation of cooperative societies and the union had made very little progress. In Maharashtra, 101 Societies had been set up as against a target of 200. The Committee are, however, glad to note that Haryana is well on the way to reach the target laid down in this regard.

The Committee are informed by the Corporation that the proposal for treating the Action Item regarding setting up of milk producers organisations in the States as direct expenditure of IDC, was sanctioned by Government only in the 3rd year of the project and this greatly delayed the project's impact on the milk-sheds. In this connection the Ministry have stated that in the first two years of the project, the plan of operations provided expansion of existing city milk plants and setting up of new Mother Dairies so that it may provide an outlet for rurally produced milk which was to be organised under Action Item No. 9 and implementation of this Item was, therefore, to follow implementation of Action items Nos. 1, 2, 4 and 5. They added that the proposal that expenditure on Action Item No. 9 should be allowed as direct expenditure

(100% grant) to ensure speedier implementation of this programme was received from the Corporation in April 1972 and approved in May, 1973.

From all this, the Committee are constrained to conclude that the Government/Corporation did not attach, in the beginning, due importance and urgency to the establishment of milk producers' cooperative organisations in the milk sheds on 'Anand' pattern which are stated to be of fundamental and vital importance for achievement of the project's social and economic objectives, as they see no reason why the Corporation took two years to decide about the financing pattern for this programme and the Government over one year to accord approval to it. They also regret to note that Government took nearly four years to arrive at a policy decision urging the States to set up farmers' cooperatives and transfer the ownership of feeder-balancing dairies etc., to them.

The Committee feel that as the Corporation alone could not be expected to bring round the participating States to agree to the 'Anand' pattern of cooperative societies which was an entirely new concept for them, Government should have taken active interest in this programme right from the beginning and offered their good offices and used their influence to overcome resistance in the States to the new style of cooperatives in order to ensure accelerated progress of this programme of vital importance. The Committee would like the delays in regard to the implementation of this programme at the level of the Corporation and the Ministry to be critically analysed, and lessons learnt.

Reply of Government

Establishment of milk producers' cooperative organisation in all the Operation Flood milksheds on Anand pattern has all along been the primary objective of the IDC. However as the Committee has observed, IDC alone could not be expected to bring down the participating States to agree to the Anand pattern of cooperative societies, which is an entirely new concept for them. Most States accepted this new concept in principle after persistent efforts to convince them of its feasibility and potential, but at the state of implementation mental reservations and vested interests came in the way. The present position in respect of each stage is indicated against para 3.115. IDC has been contacting each State Government at various levels to remove the bottlenecks. As per Government of India sanction, the State Governments are nominated as implementing agencies for Operation Flood milksheds direct unless

so authorised by the State Governments. Such authorisation was given only in one case i.e. of Jalgaon by Maharashtra Government, where the District Union organised by NDDB Spearhead Team is now owning and operating the dairy successfully. In some States, the State Dairy Corporation formed with the specific objective of promoting cooperative structures is averse to the cooperative union assuming authority. But as the Committee itself has noted the resistance on the part of such State Government is waning and the programme is gradually being accepted.

[Ministry of Agriculture and Irrigation (Deptt. of Agriculture)
O.M. No. 22-34/75-ID. I, dated 3-11-1976]

Further Information called by the Committee

Brief subject: Milk Producers' Organisations

Please indicate as to how many States have accepted the IDS's concept regarding establishment of milk producers' organisations and how many have not agreed to. What are their objections and what action has been taken by IDC|Government thereon?

(LSS O.M. No. 19-PU|76 dated 24-12-77)

Reply of Government

The position in respect of each State was indicated in reply to para 3.115 of the Committee's Report. There has been no change in the status in most of the States since September, 1976, except in the following cases:—

Andhra Pradesh:

The procurement and Input Wing has since been recruited and its personnel are under training at NDDB Anand. As soon as the training is over, the NDDB Spearhead Team will be deputed to Guntur District to organise primary societies and the district union. The AP Government and Andhra Pradesh Dairy Development Corporation have already agreed that the feeder/balancing dairy and the cattle feed plant in Guntur milkshed would be handed over to the district union as soon as it is formed and that the bye-laws of the societies already organised would be changed to confer to the model bye-laws recommended by IDC.

Tamil Nadu:

A high level meeting was held with the Tamil Nadu Government and the Tamil Nadu Dairy Development Corporation on 5-11-1976 at Madurai in which the Union Minister for Finance, Shri

C. Subramaniam and the Adviser to the Governor of Tamil Nadu were also present. It was agreed in this meeting that Erode District Cooperative Milk Producers' Union will be allowed to own and run the milk plant and the cattle food plant to be set up at Erode as suggested by IDC. Formal proposals from Tamil Nadu Government/TNDDC for implementation of the decisions in this meeting are awaited.

Punjab:

Training of the Procurement and Input Wing staff has been completed and NDDB Spearhead Team has been deputed to organise primary societies and the district union in Bhatinda milkshed.

General:

Most of the States have accepted the Anand Pattern in principle, there has been considerable progress but often there is resistance from the State Departments while implementing the programmes as they want to adjust the system in accordance with the local requirements.

[Ministry of Agriculture and Irrigation (Deptt. of Agriculture)
O.M. No. 22—34-75-IDI, dated 22-2-78]

Recommendation No. 29 (Paragraph 3.115)

Recommendation|conclusion as appearing in the body of the Report.

The Committee recommend that the Government|Corporation may immediately take stock of the situation in each participating State, identify the States which have either not fully accepted the pre-requisites for the working of the Cooperatives or which have accepted the pre-requisites in principle have not implemented them in actual practice, and take up the matter with such States at the highest level with a view to dispelling their misgivings, if any, in this regard and persuading them to fall in line with other States so as to ensure speedier implementation of this Action Item (No. 9).

Reply of Government

Kaira, Baroda, Banaskantha, Subarkantha and Mohsana Districts in Gujarat already had viable District Cooperative Union when Operation Flood started. Government of Gujarat has entrusted implementation of all Operation Flood programmes to these Unions.

The Government of Maharashtra has implemented the Anand pattern dairy cooperative in the milkshed of Jalgaon.

The Andhra Pradesh Government and Andhra Pradesh Dairy Development Corporation have agreed that the feeder/balancing dairy and the cattle feed plant in Guntur milkshed will be handed over to the union as soon as it is formed. They have agreed to appoint a Procurement and Input Wing and steps have been taken to recruit the personnel and for their training at NDDDB. The NDDDB Spearhead Team will be deputed to Guntur District in the middle of January 1977.

The Tamil Nadu Government had agreed long to accept the prerequisites, but these are yet to be implemented in practice. Over the past three years, cooperative societies and a union as per model bye-laws have been organised in the milkshed of Erode by the NDDDB Spearhead Team.

The Government of Rajasthan had agreed to hand over the ownership of feeder|balancing dairy and the cattle feed plant at Bikaner to Uttar Rajasthan Cooperative Milk Producers' Union. The dairy is not yet ready for commissioning.

The Uttar Pradesh even though the implementing agency for Operation Flood project is the Pradeshik Cooperative Dairy Federation, the Government of U.P. and the PCDF have yet to accept the model bye-laws for the primary societies and the District Unions have not been organised.

In Punjab the Government and the Punjab Dairy Development Corporation have agreed to accept Anand pattern for Bhatinda milkshed but the implementation of the decision was delayed for long. The Punjab Dairy Development Corporation has now selected staff for the Procurement and Input Wing and has deputed them for training to NDDDB. In respect of the Ludhiana milkshed, the PDDC has agreed that the dairy plant, cattle feed plant and other input machinery will be handed over to the milk producers' union at an appropriate time.

The Haryana Government is yet to accept the model bye-laws for the cooperative societies and the Union. Recently in an attempt to cooperative dairy development in the state, the State Government formed a State Dairy Development Cooperative Federation and decided to transfer all the assets of the Haryana Dairy Development Corporation on lease to the Federation. The Federation proposes to own all the processing facilities including

feeder/balancing dairy and cattle feed plants, marketing of inputs and of all the milk and milk products. Haryana Government is yet to hand over the implementation of input programmes and ownership of the dairy at Rohtak, which is nearing completion to the Rohtak Union, though this had been agreed to earlier. The matter has been taken up with the Haryana Government.

The Government of Bihar has recently agreed to modification of the bye-laws in conformity with the model bye-laws. A NDDB Spearhead Team is presently organising cooperative societies and Government of Bihar will register a Union at Patna only after 100 societies are organised. The Government of Bihar and the Bihar State Dairy Corporation are yet to decide about handing over the feeder/balancing dairy and the cattle feed plant to the cooperative union and also the marketing of technical inputs.

The Government of West Bengal has accepted the model bye-laws for the cooperative societies organised in the milkshed of Darjeeling and Murshidabad. In Darjeeling District the Chairman of the cooperative milk union is the Deputy Commissioner (Collector) of the District and the union is hesitating to take over the dairy as the union has not been properly organised yet. In the Murshidabad milkshed, the state Government has handed over the Bal-danga Chilling centre on "management basis" to the Milk Producers' Union.

[Ministry of Agriculture and Irrigation (Deptt. of Agriculture)
O.M. No. 22—34/95-LDI, dated 20-1-77]

Further Information called for by the Committee

It was stated by the Ministry that "the NDDB Spearhead Team will be deputed to Guntur District in the middle of January 1977". Please state the latest position in the matter. Please also state the latest progress in the case of Andhra Pradesh, Uttar Pradesh and Haryana regarding implementation of Anand pattern dairy cooperatives in these States?

[LSS O.M. No. 19-PU/76, dated 20-5-77]

Reply of Government

Andhra Pradesh:

3.115. The National Dairy Development Board Spearhead Team was deputed to Guntur milkshed in January, 1977 and it has so far organised 108 'Anand' pattern cooperative societies in cooperation

with Andhra Pradesh Dairy Development Corporation (APDDC). There are also traditional societies which are being converted to 'Anand' pattern cooperative societies.

The Guntur Milk Producers' Cooperative Union was registered in March, 1977 and the Board of Directors were nominated for a period of three months. IDC is persuading the APDDC and the Government of Andhra Pradesh so that the Board can be constituted of elected members of the societies and the election should be conducted in accordance with the provisions of By-laws. IDC is also persuading the APDDC and the Andhra Pradesh Government so that:

- (a) The professional personnel are appointed to take over the feeder|balancing dairy at Sangamjagarlamudi;
- (b) Pricing of milk is rationalised so that payment is made on the basis of two axis policy in order to reduce chances of adulteration;
- (c) The milk production enhancement programmes under the Operation Flood be channelised through the Guntur Milk Cooperative Union.

Uttar Pradesh:

The Uttar Pradesh Government and the Pradeshik Cooperative Dairy Federation (PCDF) have now agreed in principle to establish 'Anand' pattern cooperative societies and district level milk unions one each in Meerut and Varanasi milksheds in place of the traditional types of societies and block level unions. IDC is also persuading the Uttar Pradesh Government so that parallel activities of the Milk Commissioner, Uttar Pradesh and the PCDF in forming the cooperative societies and unions in the milksheds at Meerut and Varanasi do not take place. Since PCDF is the implementing agency, the IDC has suggested that this role of organisation of cooperatives in these two districts be left to PCDF. The PCDF has now requested that the NDDB Spearhead Team may be deputed for strengthening and organising 'Anand' pattern cooperative societies in Meerut and Varanasi milksheds. The NDDB Spearhead Team will be deputed after the Bye-laws of the Unions and the societies are modified in accordance with the Bye-laws suggested by the IDC| NDDB and a shadow team (Procurement & Input Wing) is recruited and trained. It is expected that the Spearhead Team can be deputed sometime during second half of 1977 after the training of the Procurements and Input Wing is completed.

Haryana:

The Haryana Government and the Haryana Dairy Cooperative Federation have now agreed to organise village societies and unions on 'Anand' pattern, accept the model Bye-laws suggested by IDC/NDDB and to allow the unions to channelise input programme and procurement of milk. The management of the dairy, according to Haryana Government will remain with the Cooperative Federation. The Federation has further requested IDC to send NDDB Spearhead Team to Rohtak again so that the Union and the village societies can be revitalised and re-organised. The input programmes have been started.

[Ministry of Agriculture and Irrigation (Deptt. of Agriculture)
O.M. No. 29-3/77-DP, dated 29-6-77]

Further (latest) information called for by the Committee

Latest progress in the case of Andhra Pradesh, Uttar Pradesh and Haryana regarding implementation of Anand pattern dairy cooperatives in these States.

[LSS O.M. No. 19-PU/76, dated 24-12-77]

Further Reply of Government

The latest position regarding implementation of Anand Pattern Cooperatives in Andhra Pradesh, Uttar Pradesh and Haryana is indicated below:

Andhra Pradesh:

The NDDB spearhead team still continues to operate in Guntur milkshed. A procurement and input wing has been appointed by the APDDC and subsequently trained at Anand. However, their services have not been transferred to the Union so far. Certain components of the technical input programme like fodder development and the animal health cover are taken up on small scale. There are now 150 village cooperative societies. Trial runs of feeder balancing dairy at Sangamjagarlamudi have been successfully completed. The APDDC has not yet transferred the dairy and other infrastructure to the Guntur Union.

Uttar Pradesh:

The PCDF has appointed and trained the procurement and input wing for the Operation Flood milksheds and these teams are now engaged in organisation and supervision of societies. Though certain modifications have been made in the State cooperative bye-laws these are still not in full agreement with the Anand model. The PCDF in a recent meeting held on 27th December, 1977 has agreed to follow the concept of Anand pattern, pending changes in the bye-laws, which will take sometime to be completed. It is now expected that the spearhead town's work will start soon at Meerut and Varanasi. In Meerut 339 village milk cooperatives have been organised, of which 86 have been registered. In Varanasi 21 village cooperatives have been organised.

Haryana:

The NDDB Spearhead Town is working in Rohtak Milkshed since June, 1977. The P & I wing appointed by the Haryana Dairy Development Cooperative Federation and subsequently trained by the NDDB is also assisting the team in organisation of societies. Haryana Government has decided that all the cooperative milk unions in the State be federated into the Haryana Dairy Development Cooperative Federation, (HDDCF) which has been formed. This Federation has taken over the functions of Haryana Dairy Development Corporation. The Dairy Plants in the Operation Flood Milksheds are being managed by the HDDCF. 130 village cooperative societies have been so far organised in Rohtak milkshed.

[Ministry of Agriculture and Irrigation (Deptt. of Agriculture)
O.M. No. 29-3/77-DP, dated 22-2-78]

Recommendation (Sl. No. 29, Paragraph 3.116)

The Committee also recommend that the Corporation/Government should, in consultation with the State authorities, critically analyse the reasons for slow rate progress in the setting up of the farmers cooperatives find positive solutions to the difficulties standing in the way of setting up such societies draw out time-bound programme for each State and depute Spearhead Team without delay to the States concerned to set up the Cooperative societies according to schedule. The Committee would like that all possible steps should be taken to ensure that there is no further slippage in the setting up of the farmers' Cooperative Societies.

Reply of Government

The Indian Dairy Corporation is making all efforts to ensure that there is no further slippage in the setting up of the Farmers' Co-operative Societies.

[Ministry of Agriculture and Irrigation (Deptt. of Agriculture)
O.M. No. 22-34/75-LDI, dated 20-1-77]

Recommendation (Sl. No. 31, Para 3.117)

The Committee hope that the Corporation has taken all possible steps to synchronise the development of milk producers cooperatives and the unions with the commissioning of the feeder/balancing dairies in all the milk sheds so as to ensure that the feeder-balancing dairies can become viable.

Reply of Government

Synchronisation of the construction of feeder/balancing dairy and the organisation by Milk Producers' Cooperative is hardly possible unless the States are enthusiastic about the cooperative structures.

[Ministry of Agriculture and Irrigation (Deptt. of Agriculture)
O.M. No. 22-34/75-LDI, dated 20-1-77]

Recommendation (Sl. No. 31, Para 3.118)

The Committee cannot over emphasize the importance of replicating 'Anand' pattern of cooperatives in the participating States as only such cooperatives are truly representatives of the farmers' interests and can bring about whole-hearted involvement of the producers from grass-root levels upwards which is absolutely essential for the success of the project. They would like that Corporation should ensure participative management of the cooperatives by farmers right from the beginning, and spare no efforts to help the cooperatives to become self-reliant within a definite period of time and to generate funds for further developmental programmes in the interest of the farmers. They would stress that as soon as the cooperatives become viable and form unions, the responsibility for the management of the feeder-balancing dairies, cattle-feed plants etc. should develop on the cooperative unions and, where any State shows relectance in following the "Anand" Pattern in this regard, the Central Government should use their

good offices and persuade the State concerned to implement the "Anand" pattern in letter and spirit in the interest of the success of the scheme.

Reply of Government

Wherever necessary, Government has all along been persuading the State Governments to adopt the 'Anand' pattern in letter and spirit in running their milk cooperatives.

[Ministry of Agriculture and Irrigation (Deptt. of Agriculture)
O.M. No. 22-34/75-LDI, dated 29-1-77]

Recommendation (Sl. No. 31, Para 3.119)

The Committee would like the feeder-balancing dairies to procure milk directly from the farmers through their cooperatives and not resort to procurement of milk through middle men/contractors as, if once the procurement is started through contractors even to fill a gap the system is likely to get perpetuated as has been seen in the case of D.M.S.

Reply of Government

Noted.

[Ministry of Agriculture and Irrigation Deptt. of Agriculture
O.M. No. 22-34/5?LD1, dated 20-1-77]

Further Information called for by the Committee

Are the feeder-balancing dairies procuring milk directly from the farmers through cooperatives or getting it through contractors? What is the actual position at present?

[LSS O.M. No. 19-PU/76, dated 20-5-77]

Reply of Government

The Feeder balancing dairies set up under the Operation Flood programme are procuring milk directly from the farmers' cooperatives. To the best of our knowledge no milk is being collected through contractors by the Operation Flood feeder/balancing dairies.

[Ministry of Agriculture and Irrigation (Deptt. of Agriculture)
O.M. No. 29-3/77-DP, dated 29-6-77]

Recommendation (Sl. No. 32, Para 3.120)

They would like that the Corporation should keep a close and regular watch on the working of the primary cooperatives and the unions and if ever any of the societies or unions shows any signs

of "sickness", the Corporation should take prompt and positive measures in consultation with the State authorities, if necessary, to remedy the situation so as to save the farmer/members of the cooperatives from suffering any loss.

Reply of Government

Recommendation has been noted for guidance.

[Ministry of Agriculture and Irrigation (Deptt. of Agriculture
O.M. No. 22-34/75-LDI, dated 1-11-76)]

Further Information called for by the Committee

(Sl. Nos. 28, 31 & 32, Paragraphs 3.111 to 3.114
and 3.118 and 3.120)

Brief subject: Milk Producers' Organisations.

Please indicate as to how many States have accepted the IDC's concept regarding establishment of milk producers' organisations and how many have not agreed to. What are their objections and what action has been taken by IDC/Government thereon?

[LSS O.M. No. 19-PU/76, dated 6-12-76]

Reply of Government

The position in respect of each State was indicated in reply to para 3.115 of the Committee's Report. There has been no change in the status in most of the States since September, 1976, except in the following cases:—

Andhra Pradesh:

The procurement and Input Wing has since been recruited and its personnel are under training at NDDB Anand. As soon as the training is over, the NDDB Spearhead Team will be deputed to Guntur District to organise primary societies and the district union. The AP Government and Andhra Pradesh Dairy Development Corporation have already agreed that the feederbalancing dairy and the cattle feed plant in Guntur milkshed would be handed over to the district union as soon as it is formed and that the bye-laws of the societies already organised would be changed to conform to the model bye-laws recommended by IDC.

Tamil Nadu:

A high level meeting was held with the Tamil Nadu Government and the Tamil Nadu Dairy Development Corporation on 5-11-1976 at Madurai in which the Union Minister for Finance Shri C. Subra-

maniam and the Adviser to the Governor of Tamil Nadu were also present. It was agreed in this meeting that Erode District Cooperative Milk Producers' Union will be allowed to own and run the milk plant and the cattle feed plant to be set up at Erode as suggested by IDC. Formal proposals from Tamil Nadu Government/TNDDC for implementation of the decisions in this meeting are awaited.

Punjab:

Training of the Procurement and Input Wing Staff has been completed and NDDDB Spearhead Team has been deputed to organise primary societies and the district union in Bhatinda milkshed.

General:

Most of the States have accepted the Anand Pattern in principle, there has been considerable but often there is resistance from the State Departments while implementing the programmes as they want to adjust the system in accordance with the local requirements.

[Ministry of Agriculture & Irrigation, (Deptt. of Agriculture)
O.M. No. 22-34/75-LDI, dated 29-1-77]

Recommendation (Sl. No. 33, Para 3.121)

The Committee are informed that the annual report of the IDC mentions in detail all the problems faced by the Corporation in the implementation of the projects and these are submitted to the Government annually. They feel that this is too routine an approach in dealing with the problems that are bound to crop up in implementing the "Operation Flood" and hold up its progress. The Committee are of the opinion that the Corporation should not wait till the end of the year to bring its problems and difficulties to the notice of the Government. It should keep the Government concurrently informed of the actual progress of each project and also the constraints faced by it in achieving satisfactory results and if it is not possible for it to overcome the constraints promptly on its own, the Corporation should seek the help and guidance of the Government without delay in the interest of speedier implementation of the project.

Reply of Government

Noted for guidance. In fact during the meetings of the various Committees to keep a watch on the progress of the projects such

problems are normally brought up for discussions and remedial measures initiated.

[Ministry of Agriculture and Irrigation Deptt. of Agriculture
O.M. No. 22-34/75-LDI, dated 3-11-76]

Recommendation (Sl. No. 34, Para 3.122)

The Committee are informed by the Corporation that the amount provided in the project for Action No. 9—organisation of rural procurement of milk—is inadequate and there will be need for additional funds and for continuing the organisation of more milk producers' cooperatives on 'Anand' pattern. The IDC's proposal for increase in allocation from Rs. 180 lakhs to Rs. 260 lakhs for this programme is stated to be under the consideration of the Ministry. As the setting up of the farmers' cooperatives is central to the whole scheme of organisation of rural milk, the Committee would like the Government to examine critically the IDC's proposal for increased funds for this work expeditiously and communicate their decision to the Corporation without avoidable delay. They feel that the progress of this programme should not be allowed to suffer or lose momentum for lack of funds. They would, however, like the Corporation|Government to make sure that the funds are spent on the programme judiciously to produce positive results.

Reply of Government

Noted for guidance.

[Ministry of Agriculture and Irrigation Deptt. of Agriculture
O.M. No. 22-34/75-LDI, dated 1-11-76]

Further Information called for by the Committee

Brief subject: Milk Producers' organisations

What is the latest position on the proposal regarding increase in allocation from Rs. 180 lakhs to Rs. 260 lakhs for this programme.

(LSS O.M. No. 19-PU|76 dated 6.12.76)

Further reply of Government

Approval of the Cabinet has been requested for increasing the allocation from Rs. 180 lakhs to Rs. 260 lakhs in respect of Action Item No. 9 (Organisation of Rural Procurement of Milk). The approval has been requested for increasing the original allocation

from Rs. 95.40 crores to revise allocation of Rs. 116.40 crores, which involves increase in the allocation of some other action items as well. The approval of the Cabinet is still awaited.

[Ministry of Agriculture and Irrigation Deptt. of Agriculture
O.M. No. 22-34/75-LDI, dated 29-1-77]

Further (latest) information called for by the Committee

Latest position on the proposal regarding increase in allocation from Rs. 180 lakhs to Rs. 260 lakhs in respect of Action Item No. 9 (Organisation of Rural Procurement of Milk):

[LSS O. M. No. 19-PU/76, dated 24-12-77]

Further reply of Government

The Government of India vide their letter No. 22-28/75-LDI dated 5th February, 1977, approved the IDC's proposal for revision of allocation under the various action items which also includes revision of allocation under Action Item No. 9 from Rs. 180 lakhs to Rs. 260 lakhs.

[Ministry of Agriculture & Irrigation, (Deptt. of Agriculture)
O.M. No. 29/77-DF, dated 22-2-78]

Recommendation (Sl. No. 35, Para 3.123)

The Committee have gathered an impression that while the IDC has been able to make appreciable progress in the matter of setting up of mother dairies under the "Operation Flood", there has not been corresponding progress in the matter of development of basic infra-structure for raising the milk output in the milk sheds in the country side. The setting up of Farmers' Cooperative Unions is lagging behind as also the programme for upgrading the milch cattle and making available the requisite inputs like balanced feeds at competitive rates to the farmers and the setting up of feeder plant dairies etc. to provide an assured nodal point for collection and treatment of milk. The Committee feel that the Corporation with its expertise and experience of Mahsana and Kaira districts, should concentrate its energies and resources to help develop milk production, particularly by small and marginal farmers, so as to achieve the twin objective of raising the milk output to meet the growing requirements and betterment of the economic lot of the common milk producer in the country side. It is only if the problem is tackled at the grass root level and the marginal and small milk producers in the country side feel involved in the programme and

see the economic results of flowing back to them that the "Operation Flood" would become a self-sustaining self-developing and onward going movement.

Reply of Government

Noted for guidance. As per Anand pattern, which has been demonstrated to be effective, all inputs are to be supplied to farmers by the District Union through the village societies. The Distt. Union procures the milk and uses the same set up i.e. vehicles for transport of milk and the secretaries/employees of village societies for getting information about requirements of farmers for cattle feed, fodder seeds, semen and veterinary help from day to day. The Corporation is making all efforts to tackle this problem at the grass-root level but without active efforts by States in this direction, nothing much can be achieved.

[Ministry of Agriculture & Irrigation, Deptt. of Agriculture O.M. No. 22-34/75-LDI dated 1.11.76]

Further Information called for by the Committee

Brief Subject: Milk Producers' Organisations

It was stated that "the Corporation is making all efforts to tackle this problem at the grass-root level but without active efforts by States in this direction, nothing much can be achieved". What positive steps have been taken to persuade State Governments to render necessary help in achieving this?

(LSS O.M. No. 19-PU/76 dated 6.12.76)

Further reply of Government

IDC has continued its efforts to persuade the State Governments by holding discussions and meetings with the concerned officials as indicated below:

Andhra Pradesh:

An Appraisal and Audit Team consisting of four officers of IDC visited Hyderabad, Vijayawada and Guntur and held discussions with the concerned Secretary to the State Government and officials of the Andhra Pradesh Dairy Development Corporation (APDDC). This was followed by a meeting between Chairman, IDC and officers of the AP Government and APDDC at Anand on 19th September, 1976. IDC was assured that the procurement and input programmes

in Guntur milkshed would be organised entirely on Anand Pattern.

Bihar:

Discussions were held between Chairman, IDC and MD, Bihar State Dairy Corporation (BSDC) at Anand on 18.9.1976. Further an Appraisal and Audit Team of three officers of IDC visited Bihar from 14th to 16th December, 1976, and discussed in detail with the Animal Husbandry Commissioner, Bihar and MD, BSCD delays in organisation of Anand pattern cooperatives and input programmes in Patna milkshed and the measures for accelerating the same. IDC was assured that necessary steps would be taken.

Punjab:

A meeting was held between MD, Punjab Dairy Development Corporation (PDDC) and Chairman, IDC at Anand on 6.8.1976 and measures for expediting the programme in Bhatinda milkshed were discussed. MD, PDDC assured that all the required steps would be taken. NDDB Spearhead Team has started working in Bhatinda milkshed.

Tamil Nadu:

All the problems were discussed in the high level meeting held between the Chairman, IDC and the Adviser to Governor of Tamil Nadu in the presence of the Union Minister for Finance on 5th November, 1976, at Madurai as indicated against serial No. 8. Further a sub-committee of Board of Directors of IDC visited the milksheds of Tamil Nadu specifically to review the technical input and milk production enhancement programmes. The Committee had discussions with concerned officers of the State Government and the TNDDC. The report of the Committee will be sent to the State Government as soon as it is finalised.

West Bengal:

The report of the sub-committee of Board of Directors, which visited the milksheds of West Bengal has been sent to the State Government. The Pilot scheme for resettlement of city-kept cattle in West Bengal has been finalised and it has been decided to develop Midnapur District as the third milkshed in West Bengal. The Greater Calcutta Milk Scheme has been facing difficulty in marketing all the milk procured by the Himalayan Cooperative Milk Producers' Union and the Bhagirathi District Co-operative Milk Producers' Union. This was discussed by MD, IDC with the

Minister in charge of Dairy Development and other officers of the State Government. All have assured action to improve the situation.

Maharashtra:

Detailed discussions were held with the concerned Secretary to the Maharashtra Government and IDC on 28-9-1976 and it was decided to follow Anand Pattern in the proposed Kolhapur milkshed.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture
O.M. No. 22-34/75-LDI, dated 29-1-1977]

Further (latest) information called for by the Committee

Latest position regarding Milk Producers' organisations in the States of Andhra Pradesh, Bihar, Punjab, Tamil Nadu, West Bengal and Maharashtra.

[LSS O.M. No. 19-PU/76, dated 24-12-1976]

Further Reply of Government

Andhra Pradesh:

In Andhra Pradesh, Guatur District Cooperative Milk Producers' Union has been registered. There are 150 village Milk Cooperatives and the Union enjoys a membership of some 8100 producer farmers. The average daily milk procurement of the Union is 16,000 litres.

Bihar:

In Bihar, Patiliputra Sahkari Dugdh Utpadak Sangh, Patna has been registered in April, 1977. There are 103 village milk cooperatives of which 77 have been registered. There are 2340 producer members affiliated to the Union. The Union on an average procures 2600 literes of milk per day.

Punjab:

In Punjab, 103 village milk cooperatives have been organised in Bhatinda district of which 89 are registered. There are 5028 producer members supplying 14,000 litres of milk per day. Efforts are being made to register the Bhatinda District Milk Producers' Cooperative Union. Punjab Government has decided to adopt Anand Pattern for adjoining milksheds of Ludhiana and Ropar.

Tamil Nadu:

The Tamil Nadu Government and the Tamil Nadu Dairy Development Corporation have now decided that the Feeder Balancing Dairy and the Cattle Feed Plant for the Erode Union will be established through the Erode Union. The land required for the above has already been acquired. TNDDC has agreed to register milk unions in all the Operation Flood Milksheds except Madurai. They have proposed a dairy at the adjoining Operation Flood district of Salem where 114 societies have been organised. The total number of village cooperative societies organised in all the Operation Flood districts stands at 1863. Ways and means are being explored to find out source to meet the short fall of funds for the Salem dairy project.

West Bengal:

The NDDDB Spearhead Team is still continuing organisation of societies and implementation of technical input programmes in Murshidabad milkshed. In Darjeeling milkshed the Himalayan Cooperative Milk Producers Union is doing the same work. Midnapur has been selected as the third milkshed for development under Operation Flood. The West Bengal Dairy and Poultry Development corporation is handling the work of organisation of societies in this milkshed. The team has so far organised 27 societies but has not initiated milk procurement work in absence of milk handling facility. A chilling station had been sanctioned for that purpose.

Maharashtra:

Jalgaon Project has been implemented. The progress has been good. The proposal is to expand the dairy from 1,00,000 litres a day to 2,00,000 litres a day as the dairy has reached full capacity.

The Maharashtra Government have decided to make similar Anand Pattern Dairy complexes in Kolhapur and Thana. The estimates are under preparation.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture
O.M. No. 29-3/77-DP, dated 22-2-1978]

Recommendation (Sl. No. 36, Paragraph 3.133)

The Committee note that as against an estimated annual demand of Rs. 14 crores worth of dairy equipment in the country, the

present production is of the order of Rs. 10 crores annually and this capacity is only available in the private sector. During the period 1971-72 to 1974-75, dairy equipment to the extent of Rs. 4.68 crores has been imported from other countries. The Committee are informed that though 80 per cent of the equipment is used in public sector and the cooperative sector, there is no dairy-equipment manufacturing unit in the public sector. The Committee are also informed that the IDC sent a proposal to the Ministry for setting up a subsidiary corporation for the manufacture of dairy equipment as far back as June, 1973 and subsequently a feasibility report for the project was also sent to the Ministry in September, 1975. It has been stated that the matter is still under consideration of the Government. The Committee find that in the mean-time, the Corporation approached the Ministry of Industrial Development in April, 1975, for a letter of intent (which was received by them in July, 1975) and also applied for foreign collaboration with GDR in July, 1975 for which also a letter of intent had been received by them in December, 1975. Although it has been admitted that the matter is still under consideration of Government and taking up manufacture of dairy machinery directly by the Corporation would require an amendment to the Memorandum and Articles of Association, the Committee are surprised that the Corporation was allowed to go ahead with taking up manufacturing activities of dairy plant and equipment by seeking foreign collaboration. It has also been admitted during evidence that there are certain items which can be undertaken for manufacture by HMT. The Committee are not sure whether possibilities of manufacturing these equipments by utilising the available capacity in the existing Public Sector have been explored. The Committee would like Government to keep the present and future demands of dairy plant and equipment in view and examine whether there is any jurisdiction for setting up a subsidiary Corporation for the manufacture of dairy equipment and whether such demand could not be met by better utilisation of the capacity already available in the country and with public sector engineering units like HMT, HEC, MAMC, BHEL etc.

Reply of Government

Due to the gap in the demand and the capacity to manufacture dairy equipment in the country and due to the fact that most of the dairies requiring these equipments are in the Public/Cooperative Sector, whereas there is no unit for their manufacture in the Public Sector, this Ministry has agreed to setting up of Dairy

Equipment Manufacturing Unit in the Public Sector. Dairy Equipments have certain special features and require special material and finishes for which the Manufacturing units need also be specially equipped. Unlike machine tool and heavy electrical goods industry such as HMT, HEC, BHEL, MAMC, etc. dairy equipment industry falls primary in the category of chemical plant and food processing equipment industries. It is admitted that a few items such as pumps etc. can be manufactured in HMT but for manufacture of a wide range of dairy machinery as proposed by IDC, the establishment of an Independent Unit would be advisable. The IDC proposal is now to be submitted to EFC for approval after clearance from Planning Commission (PAD). The IDC was allowed to go ahead for seeking approval of Ministry of Industrial Development for foreign collaboration etc. to save time.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture
O.M. No. 22-34/75-LDI, dated 20-1-1977]

Recommendation (Sl. No. 36, Para 3.134)

The Committee need hardly stress that which ever unit is entrusted with the responsibility of manufacturing dairy equipment Government/Corporation should ensure that there is a close coordination between the manufacturing unit and the Corporation.

Reply of Government

Noted for guidance.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture
O.M. No. 22-34/75-LDI, dated 20-1-1977]

Further (latest) information called for by the Committee

Latest position regarding proposal for setting up of subsidiary company for the manufacture of dairy machinery and equipment?

[LSS O.M. No. 19-PU/76, dated 24-12-1977]

Further Reply of Government

The Government of India has approved in November, 1977 setting up of a subsidiary company of the Indian Dairy Corporation as a public sector company to manufacture dairy machinery and

equipment. The draft Memorandum and Articles submitted by the IDC is under examination.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture
O.M. No. 29-3/77-DP, dated 22-2-1978]

Further (latest) information called for by the Committee

Latest position regarding proposal for setting up subsidiary company for the manufacture of dairy machinery and equipment.

[LSS O.M. No. 19-PU/76, dated 27-9-1978]

Further reply of Government

The proposal for setting up of subsidiary company of the Indian Dairy Corporation for manufacture of dairy equipments was sanctioned in November, 1977. A sum of Rs. 1.5 crores was also released to IDC in March, 1978. The Memo & articles of association of the proposed subsidiary of the IDC were being finalised in consultation with the BPE. Meanwhile the IDC expressed serious doubts about the wisdom of their executing the project, due to their involvement in Operation Flood-II Project.

The Hindustan Machine Tools Ltd. are interested in diversifying their lines of manufacture to include stainless steel equipments and that the expansion of one of its plant may be able to undertake the manufacture of dairy equipments economically. The HMT is completing the work regarding a detailed project report and the market analysis for the project.

The Committee on public undertakings (75-76) in its 83rd report had expressed the view that before setting up a new unit in the public sector for manufacture of dairy equipment, the possibility of existing public sector undertakings like HMT going in for manufacture of dairy equipment should be explored.

Keeping all the above factors in view, the execution of the project by IDC is being dropped. The IDC however, has been requested to provide all assistance to the HMT.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture
O.M. No. 29-3/77-DP-Vol. II, dated 22-11-1978]

Recommendation (Sl. No. 37, Paragraphs 3.141 to 3.143)

The Committee note that the Corporation proposes to set up a subsidiary organisation for manufacture of foot and mouth disease vaccine and of antigens such as Tuberculin, Johnin and

Brucella, with financial and technical assistance from U.K. Government.

The Committee would like Government to examine whether the Foot and Mouth Vaccine already being produced in the country is of the prescribed standard and whether its production in the existing units cannot be augmented to meet the present and the future demand, before going in for foreign collaboration for installation of additional capacity.

The Committee would also like Government to critically examine the feasibility and the economic viability of the proposal of setting up a separate plant for manufacture of immunological and biological veterinary products in consultation with expert bodies like the Indian Council of Agricultural Research and explore the possibility of manufacture of the plants by utilising the indigenous capacity available in the country in the Public Sector.

Reply of Government

A proposal has been received from the Indian Dairy Corporation to set up a unit to manufacture Foot and Mouth Disease Vaccine with financial and technical assistance from U.K. Government. This proposal is being examined by the Ministry in the light of the above recommendations. So far no proposal to manufacture biological products like turberculin, johnin, brucella antigens has been received in the Ministry. As and when such a proposal is received the same will also be examined in accordance with the above recommendations.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture
O.M. No. 22-34/75-LDI, dated 1-11-1977]

Recommendation (Sl. No. 38, Para 3.146)

The Committee would like the Corporation to keep a constant watch on the storage arrangements for SMP and BO and take all possible steps to ensure that the storage arrangements in warehouses are secure and these commodities do not suffer deterioration while in storage there.

Reply of Government

Noted for guidance. IDC is very particular about the proper storage of SMP and BO. The Second UN/WFP Evaluation Mission, which visited India in March 1975 *vide* para 5.3.8 of its report observed that storage arrangements made by IDC were satisfactory.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture,
O.M. No. 22-34/75-LDI, dated 1-11-76]

Recommendation (Sl. No. 39, Para 3.152)

The Committee note that under "Operation Flood" seven feeder/balancing dairies are being expanded and 13 new feeder/balancing dairies are being set up in the 10 participating States to enable the farmers' organisations to procure, process and marketing milk and also to market the inputs for milk production enhancement. They are informed that due to difficulties experienced by State in taking final decision by the States, the feeder/balancing dairies in certain cases could not be completed as fast as was contemplated. In the case of Alwar, Murshidabad, second milkshed in Maharashtra and Salem, the decision of the State Government had not been communicated till October, 1975. The Committee are informed that monthly progress reports are received by the Corporation from the States and periodical high level meetings are arranged by the Corporation with the State Officials concerned to discuss the progress of individual Projects. In view of the slow progress of these works despite the Corporation's efforts, the Committee would like that the matter should be taken up by the Ministry with the State Governments concerned at a high level and the States persuaded to expedite action in this regard to avoid any further delay in the completion of the Project. The Committee would also like that the Ministry should render assistance to the Corporation in the procurement of Steel and Cement on a priority basis to ensure that progress of the projects is not delayed due to want of essential construction materials.

Reply of Government

Noted for guidance. The State Government wherever necessary contacted at suitable levels, and discussions held with a view to ensure expeditious completion of projects.

[Ministry of Agriculture and Irrigation Deptt. of Agriculture, O.M. No. 22-34/75-LDI, dated 3-11-76].

Further information called for by the Committee

It was stated that "the State Government wherever necessary contacted at suitable levels and discussions held with a view to ensure expeditious completion of projects". Please give the details as to the States which the IDC has been able to contact in this regard. Please also furnish the copies of letters stated to have been written by the IDC to the States and also the results thereof?

[LSS O.M. No. 19-PU/76 dated 16-12-76]

Further Reply of Government

Copies of the minutes of the meetings/record note of discussions with the State Governments' officers are enclosed.*

ANNEX.

(1) Punjab	. 6-8-1976	A
(2) Uttar Pradesh	10-8-1976	B
(3) Andhra Pradesh	. 20-9-1976	C
(4) West Bengal	. 25-11-1976	D
(5) Tamil Nadu	. 5-11-1976	E
(6) Maharashtra	. 10-9-1976 & 28-9-1976	F G

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture,
O.M. No. 22-34/75-LDI, dated 29-1-77]

*Not printed.

Recommendation (S. No. 40, Paragraph 3.160)

The Committee note that the progress on Action Item No. 6, namely, resettlement of city kept cattle and buffaloes could not be taken up actively for implementation. The Committee find that the pilot project started in Maharashtra in 1974 and on which expenditure of Rs. 8.73 lakhs was incurred has not brought about satisfactory results in Bombay. The Committee would like the Ministry/Corporation to go critically into the causes for the poor results in Maharashtra with a view to drawing lessons for future.

Reply of Government

Noted by Indian Dairy Corporation for compliance.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture,
O.M. No.22-34/75-LDI, dated 20-1-77]

Recommendation (S. No. 40, Para 3.161)

The Committee find that the Second Evaluation Mission had noted that efforts to eliminate the practice of city cattle keeping had not been practicable as long as alternative market supplies were

not sufficient and efforts to resettle the city-kept cattle through economic incentives had not led to desired results. The progress under this Action Item, according to the Evaluation Mission, is closely linked with the economic pressure that the city milk plants can bring to bear on the market producers and also for providing a ready and assured outlet for the market that would become available in the rural market shed after the city-kept cattle removed to the areas outside the municipal limits and therefore efforts to change this practice of city cattle keeping should be held in abeyance unless the other phases of the project are near completion. The Committee are informed that Government propose to take up the matter of resettlement of city-kept cattle with the State Governments with a view to ensure early implementation of this Action Item. The Committee would like to be informed of the developments in the matter.

Recommendation (S. No. 41, Para 3.162)

The Committee would like the Ministry to persuade the State Governments to see that the other phases of the project are completed in time so that action on this item is not unduly delayed. The Committee need hardly point out that the removal of city-kept cattle to rural areas before ensuring adequate supplies of milk through organised dairies to meet the demands of the cities may well create (avoidable) difficulties for the common man. There appears to be no reason why such a position should be allowed to come to pass. They have no doubt that as the organised dairies secure commanding share of the milk markets in the four cities, the traditional milk traders who depend on the city-kept cattle will automatically feel the economic pressure and this will hasten the end of the practice of city cattle keeping. The Committee would like the Corporation/Ministry to keep the position under watch in the four cities and ensure that the city administrations initiate necessary action in this regard at the appropriate time.

Reply of Government

Noted for guidance. Action Item No. 6—Resettlement of city-kept cattle and buffaloes in the four cities—can be implemented only after large quantities of milk are made available to the city consumers and funds generation is adequate to meet the more important Action Items and leaves a balance.

Since the Government of Maharashtra adopted a policy of payment of remunerative price for the milk purchased from the rural producers, the procurement has increased substantially and the

organised city dairies in Bombay are able to supply larger quantities of milk. IDC is informed that on account of this, the Bombay city cattle owners have already started moving to rural areas on their own.

In Calcutta, the Mother Dairy is nearing completion. A pilot project for resettlement of 1000 milch animals in rural milksheds has been approved. This pilot project is different from the one approved earlier for removal of city-kept cattle from Bombay.

In Delhi, the Mother Dairy has been commissioned and procurement price for the milk from rural areas has been substantially increased. As a result, the quantity of milk procured by the organised dairies in Delhi has considerably increased, making more milk available to the city consumers. This has exerted an economic pressure on the city cattle owners, who have started moving out of the city on their own. In addition, the Delhi Municipal Corporation has issued a notification, banning cattle keeping in certain areas of New Delhi.

In Madras, the Mother Dairy has been commissioned and it is hoped that the throughput will be increased in the near future, creating economic pressure on the city cattle owners and then they will start moving outside the city on their own.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture,
O.M. No. 22-34/75-LDI, dated 3-11-76]

Further Information called for by the Committee

It was recommended by the Committee that the Ministry/Corporation should go critically into the causes for the poor results in Maharashtra with a view to drawing lessons for future. The Ministry in the reply stated that the recommendation has been noted by IDC for compliance. Have the Government/Corporation gone into the matter critically and if so, what are the results thereof?

[LSS O. M. No. 19-PU/76 dated 20-5-77]

Further reply of Government

The question of the pilot cattle resettlement scheme for the Bombay city was discussed with the Government of Maharashtra. The IDC also requested the Government to provide the details regarding the pilot project implemented by them in order to analyse critically the lacunae. The main reason for the scheme's failure appears to be that it was not possible for the Maharashtra Govern-

ment to seal the stables vacated by the city cattle keepers. The present proposal of Maharashtra Government is to create economic pressure by augmenting supply of milk in the city of Bombay. Maharashtra Government intends to give loans to cattle owners who want to resettle in rural areas from the State's resources.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture,
O.M. No. 28-3/77-DP, dated 29-6-77]

Further (latest) information called for by the Committee

Latest position about the cattle resettlement scheme for Bombay, Madras, Calcutta and Delhi cities.

[LSS O. M. No. 19-PU/76 dated 24-12-77]

Further reply of Government

This action item continues to be given a low priority for want of requisite economic pressure on the city cattle keepers through increased city milk supply and administrative back-up. At the instance of the respective State Governments the funds provided under this action item have been diverted for more important items like increasing the milk handling capacity in the cities and their respective milksheds. A brief summary indicating latest position is given below:—

Bombay

Maharashtra Government has decided to offer loans through institutional sources for resettlement of city kept cattle in rural areas and has indicated that arrangement for a provisions of Rs. 10 crores for giving loans have been made from other sources. They have requested reallocation of funds for a 4th dairy in Bombay so that large volume of milk can be supplied to city to exert economic pressure on the city cattle keepers. IDC has accepted the proposal to reallocate the funds for establishment of the 4th dairy.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture,
O.M. No. 29-3/77-DP, dated 22-2-78]

Recommendation (S. No. 42, Para 3.175)

The Committee note that as against a total allocation of Rs. 2691 lakhs against the Action Item No. 7, the expenditure has been of the order of Rs. 502 lakhs only. The Ministry have admitted that the progress on this item has been slow. The Committee are informed that a total of 14 lakhs breedable milk cows and 7 lakh

buffaloes, are to be covered under the milk production enhancement programme, and out of this approximately 5,00,000 animals have been covered so far and further progress depends on the speed at which cooperative unions can be established and developed. Although the programmes have been launched in 9 States (Punjab, Haryana, Rajasthan, Western U.P., Tamil Nadu, Maharashtra, West Bengal and Gujarat), implementation of the programme is under discussion with Andhra Pradesh and Bihar State Authorities. The Committee would like to be informed of the position in regard to these two States. The Committee regret to note that local coverage would take about 4 to 5 years and this programme will not be completed even during the extended term of the "Operation Flood". As recommended in para 3.116 of this report, they would reiterate that the Ministry/Corporation should take concerted measures to take up the matter with the State Governments to accelerate the organisation of co-operative unions in the States in order to give a fillup to this programme.

Reply of Government

Noted for guidance. As indicated against para 3.115, the progress in organisation of cooperatives is not as targetted and consequently implementation of the input programmes has been slow. The Corporation's Board of Directors has appointed a sub-committee to visit states, assess the progress made and advise on further steps to be taken. The sub-committee has visited West Bengal recently.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture,
O.M. No. 22-34/75-LDI, dated 20-1-1977]

Further information called for by the Committee

- (i) Please state the precise position regarding implementation of the programme in the States of Andhra Pradesh and Bihar?
- (ii) What is the outcome of the visit of the sub-committee to West Bengal?
- (iii) What is the latest progress regarding organisation of co-operative unions in the States to implement this programme?

[LSS O.M. No. 19-PU/76, dated 6-12-1976]

Further Reply of Government

(i) Andhra Pradesh: As soon as the training of the P&I Wing staff at Anand is over this staff as well as the NDDB Spreadhead Team will take up organisation of primary societies and supply of technical inputs in Guntur milkshed. Till the stud farm and cattle feed plants are set up as per suggestions by IDC, supply of semen and cattle feed will be arranged by the APDDC from other sources. To a limit extent, cattle feed is being supplied to farmers through the cooperative societies already existing in Guntur District (which are not fully on Anand Pattern).

Bihar: NDDB Spreadhead Team is presently organising primary societies in Patna milkshed with the help of the P&I Wing of the BSDC and technical input programmes have been started. However, at present, supply of semen and cattle feed is limited and all the societies are yet to be covered by the veterinary routes. Certain fodder demonstration units have been started through Minikit Fodder Development Programme. It is expected that after completion of the building for stud farm and bull mother farm at Mubarakpur, near Patna (expected to be over in four months or so), it will be possible to expand the programme.

(ii) A copy of the Report of the sub-committee of the Board of Directors of IDC, which visited West Bengal milksheds, is enclosed.* Midnapur has been named as the third milkshed in West Bengal and a pilot scheme for resettlement of city kept cattle has been agreed to. Funds for these have been released. Present working of the District Unions operating in the Darjeeling and Murshidabad milksheds was reviewed by the Committee and various problems were discussed with the Governor, concerned Minister and officers of West Bengal. This subject was further discussed by MD IDC at Calcutta on 23-11-1976.

(iii) The position is as indicated against item 8 (paras 3.111 to 3.114 and 3.118 and 3.120). There has been progress in respect of organisation of cooperative societies and the unions in Bhatinda milkshed (Punjab) and Guntur milkshed (Andhra Pradesh). Also improvement is expected in functioning of the Erode milk union (Tamil Nadu) as a result of the high level meeting held with the Tamil Nadu Government on 5-11-1976.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture,
O.M. No. 22-34/75—LDI, dated 29-1-1977]

*Not printed.

Further (latest) information called for by the Committee

Latest position regarding implementation of programme under Action Item No. 7 in Andhra Pradesh and Bihar.

[LSS O.M. No. 19-PU/76, dated 24-12-1977]

Further Reply of Government

Andhra Pradesh: The APDDC has released Rs. 5.00 lakhs to the Guntur Union for initiating Technical Input programme, some of the components of the technical input programme like fodder development and the animal health cover are taken up on a small scale. The construction of the stud farm is in progress. The APDDC has agreed to establish a cattle feed plant for which sanction is being given. So far Rs. 11,70,800 has been advanced out of which Rs. 3.60 lakhs has been spent.

Bihar: 103 villages co-operative societies have been organised. Nineteen of them have taken up A.I. work. The stud farm and the A.I. Station are nearing completion.

The cattle feed plant has already been commissioned.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture,
O.M. No. 29-3/77—DP, dated 22-2-1978]

Recommendation (S. No. 43, Para No. 3.176)

The Committee find that the IDC proposes to strengthen the Stud Farms and Artificial Insemination centres by developing them into semen freezing station through assistance from Danish Agricultural International Development Agency. They are informed that the recommendations of the DANIDA have been agreed to by the Corporation and the sanction of Government is expected to be issued "very shortly". The Committee feel that the identification and coverage of animals under the milk production enhancement programme have to be speeded up to enable the organised dairies to capture commanding share of the milk markets in the cities. They recommend that the Corporation should draw up a time bound programme to identify and cover the remaining 16 lakh animals under the milk production enhancement programme, take concerted measures in collaboration with the State agencies and ensure completion of the programme during the extended period of the project "Operation Flood". The Committee stress that the Ministry should expedite the matter and ensure that the work of development of semen freezing stations in different parts of the country is completed before the imported cattle arrive.

Reply of Government

Recommendations of the Committee for speeding up the identification and coverage of animals under the milk production enhancement programme, to enable the organised dairy to capture commanding share of the milk markets in the cities, and the proposal to draw up a time-bound programme by the IDC to identify and cover the remaining 16 lakh animals under the milk production enhancement programme and to take concerted measures in collaboration with the State agencies to ensure completion of programme during the extended period of the Project (Operation Flood), have been noted. As regards the development of Semen Freezing Stations in different parts of the country, global tenders for the purchase of the requisite equipment had been invited and the quotations have been received. These quotations are still under consideration and are expected to be finalised shortly.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture,
O.M. No. 22-34/75-LDI, dated 4-6-77]

Further (latest) information Called for by the Committee

Latest position regarding development of Semen Freezing Stations in different parts of country global tenders for the purchase of requisite equipment etc.

[LSS O.M. No. 19-PU/76 dated 24-12-77]

Reply of Government

For import of frozen semen equipment the required foreign exchange was released during August-September 1977. Based on the release of foreign exchange requisite import licences were obtained during September-November 1977. Orders for import of the equipment were placed during September-December 1977. Preparatory action has been taken for installation of the liquid nitrogen plants and other laboratory equipment in the semen freezing stations.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture,
O.M. No. 29-3/77-DP, dated 22-2-78]

Futher (latest) information Called for by the Committee

Latest position regarding development of semen freezing stations in different parts of the country-import of requisite equipment etc.

[LSS O.M. No. 19-PV/76 dated 24-12-77]

Further Reply of Government

A good part of the semen freezing equipment and instruments has been imported and the balance is expected within 3 to 6 months. Aciton has been initiated for installation of liquid nitrogen plants in all the milk sheds. 20 Engineers and 14 operators have been trained in operation and maintenance of liquid nitrogen plants and a second batch of 20 operators will start undergoing training during November, 1978. This training has been arranged through the Indian associates of the Suppliers of the equipment. In anticipation of semen freezing stations going into production a seeding programme is being undertaken in the milk sheds covered under Operation Flood. About 4 to 6 liquid nitrogen refrigerators and sufficient quantity of doses of frozen semen and ancillary equipment were supplied to all the milk sheds to start training of the lay in semlinators in artificial in semination and use of frozen semen.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture,
O.M. No. 29-3/77-DP VOL. II dated 22-11-78]

Recommendation (S. No. 44, Para No. 3.177)

The Committee are informed that, from the experience at Anand and Mehsana, the cost of cattle feed and other inputs provided through the co-operative unions is much lower than those of inputs of the same quality handled through private sector. The Committee recommend that in the light of experience of Anand, Mehsana etc. an appropriate pattern for production and distribution of cattle feed and other inputs at economic cost to the members of the co-operative should be evolved and implemented.

Reply of Government

Noted for guidance. The pattern of production on the basic of least cost formulation and distribution of cattle feed and other inputs followed in Anand and Mehsana has been accepted by this Corporation and commended to all participating states for adoption.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture,
O.M. No. 22-34/75 L.D.I, dated 3-11-76]

Recommendation (S. No. 44, Para No. 3.178)

The Committee note, that out of 15 cattle feed plants proposed under the "Operation Flood", only 1 plant in Ludhiana has been commissioned, 5 are under construction, 3 are under planning and

in regard to the remaining 6 plants, even the proposals have not been received from the States. They are informed that milk production can be increased to the extent of approximately 50 per cent by feeding balanced ration even to poor grade indigenous rural cows and in the case of cross-breed cows, the role of cattle feed is still more important. In view of this, the Committee cannot over emphasize the importance of commissioning all the proposed cattle feed plants expeditiously. They would stress that the Corporation should take up this matter with the State agencies at the highest level, help them formulate proposals where these have not yet been formulated, and take all possible measures to speed up the construction and commissioning of the cattle feed plants according to a time-bound programme so that balanced feed is available to the cattle and production of milk is enhanced.

Reply of Government

Noted for guidance. The present status of various cattle feed plants is as follows:—

One cattle feed plant at Khanna (Punjab) has been commissioned; seven cattle feed plants at Banaskantha and Sabarkantha (Gujarat), Jalgaon (Maharashtra), Patna (Bihar), Siliguri (West Bengal), Alwar (Rajasthan) and Varanasi (UP) are under construction, and one cattle feed plant for Baroda (Gujarat) is under planning.

There has been procedural delay in taking final decision regarding establishment of cattle feed plants by the state Governments/implementing agencies in some milksheds e.g. Meerut (U.P.), Gurgaon (Haryana), Bhatinda (Punjab), Erode (Tamil Nadu), Bel'danga (West Bengal, Guntur (Andhra Pradesh) and Bikaner (Rajasthan). State Governments have been pursued regularly on this subject. However, some Governments are not enthusiastic as they are unable to sell cattle feed from their existing factories, presumably due to poor quality, high cost and want of a distribution channel in absence of Anand pattern co-operative structure.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture,
O.M. No. 22-34/75-LDI, dated 3-11-76]

Further (latest) information Called for by the Committee

Latest position of various cattle feed plants in different States?

[LSS O M. No. 19-PU/76 dated 24-12-77]

Further Reply of Government

The latest position of the various cattle feed plants in different States is as follows:—

State	Location	Status
Punjab	Bhatis	Commissioned
„	Bhatinda	Project estimates under preparation
Bihar	Patna	Commissioned
Gujarat	Sabarkantha	Commissioned
„	Banaskantha	Under erection
„	Mehsana	Expansion completed
„	Baroda	Under erection
Maharashtra	Jalgaon	Under erection
West Bengal	Siliguri	Under erection
Uttar Pradesh	Varanasi	Under erection
„	Mecrut	Sanction accorded, Work not yet started.
Rajasthan	Bharatpur	Under erection
Andhra Pradesh	Sangamjagarlamudi	Sanction accorded. Erection expected shortly.
Tamil Nadu	Erode	Tenders invited.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture,
O.M. No. 29-7/77-DP, dated 22-2-1978]

Recommendation (S. No. 45, Para No. 3.190)

The Committee note that as part of its plan for development of improved milch animals (Action Item No. 8), IDC established 12 Bul Mother Farms during 1973 in the participating States.

The Committee would like the Corporation to analyse the reasons as to why the Farms in Andhra Pradesh and Bihar have not attain-

ed viability and take suitable remedial measures in consultation with the State agencies to help them become viable at the earliest. They would like the Corporation to keep a watch on the working of other farms and also take timely measures to ensure their economic and efficient working.

Reply of Government

Noted by Indian Dairy Corporation for compliance. In the initial stages, Andhra Pradesh Dairy Development Corporation and the Bihar State Dairy Corporation were not prepared to set up bull mother farms as the respective State Governments wanted the farms to be managed by the State Department of Animal Husbandry, to which Indian Dairy Corporation did not agree. The Andhra Pradesh Dairy Development Corporation has since established a bull mother farm at Nalkarik Nadkarikallu. The Bihar State Dairy Corporation is yet to set up the bull mother farm and the animals will continue to be in the custody of Rajendra Agricultural University and partly with the Department of Animal Husbandry. The Bihar State Dairy Corporation is now arranging to acquire 25 acres of land for establishing their own farm.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture,
O.M. No. 22-34/75-LDI, dated 20-1-1977]

Further (latest) information called for by the Committee

Latest position regarding setting up of Bull Mother Farms in Andhra Pradesh and Bihar is as follows:

[LSS O.M. No. 19-PU/76 dated 24-12-77]

Further Reply of Government

Andhra Pradesh:

During July, 1975 the APDDC took over the animals supplied by the IDC from the Department of Animal Husbandry and established a bull mother farm at Nadkarikallu. It was found that the progress of work was not satisfactory. As a Triesian bull mother farm has already been established by IDC at the IDL Chemicals, Hyderabad, the IDC has intimated the APDDC that the requirement of Holstein bulls could be met from that farm.

Bihar:

Bihar State Dairy Corporation (BSDC) has now taken up establishment of the bull mother farm. A project proposal submitted by the BSDC at a total cost of Rs. 17.25 lakhs has been approved by the IDC. Construction of the buildings for the bull mother farm

is nearing completion. Immediately on completion of the buildings, the animals will be transferred to the new farm from the Rajendra Agricultural University and the Department of Animal Husbandry where they are kept presently, to the new premises at Mubarakpur near Patna.

[Ministry of Agriculture & Irrigation, Deptt. of Agriculture,
O.M. No. 29-3/77-DP, dated 22-2-78]

Recommendation (S. No. 46, Para No. 3.191)

The Committee note that the number of the imported animals at the Farms in Lucknow, Patna, West Bengal, Hyderabad and Anand has declined and this is stated to be *inter alia* due to premature mortality arising on account of foot and mouth disease and Theileriasis. So far 42 animals are reported to have died on this account in all the States.

Reply of Government

Noted for guidance.

[Ministry of Agriculture & Irrigation, Deptt. of Agriculture,
O.M. No. 22-34/75-LDI, dated 3-11-76]

Recommendation (S. No. 46, Para No. 3.191 & 3 192)

The Committee note that the number of the imported animals at the Farms in Lucknow, Patna, West Bengal, Hyderabad and Andhra has declined and this is stated to be *inter alia* due to premature mortality arising on account of foot and mouth disease and Theileriasis. So far 42 animals are reported to have died on this account in all the States. They are distressed to learn that though Theileriasis is a problem for exotic breeds, no vaccine against this disease is available in India. The Committee would like the Corporation/Ministry to urgently get in touch with the countries from where the animals are being imported to obtain expert opinion about the prophylactic and remedial measures against Theileriasis and take all possible steps to have adequate stock of the medicine in order to save the imported animals from this disease. The Committee also suggest that the Ministry should examine the feasibility of manufacturing this important drug within the country instead of having to import it every time. The Committee would also like the Corporation to analyse each case of premature death of imported animal to make sure that such mortality is not due to negligence on the part of the management concerned and initiate effective remedial measures where required.

Reply of Government

Foot-and-Mouth disease and theileriasis are undoubtedly very serious maladies affecting exotic and crossbred cattle. In order to protect exotic, crossbred and other valuable indigenous cattle against foot-and-mouth disease, production of vaccine against this disease has been stepped up in the country and increasingly large number of cattle are now being vaccinated. This will reduce the losses due to this disease. No specific drug to cure theileriasis is known at present. However, tetracyclines, quinine compounds and Berenil, either alone or in different combinations, have been found to give varying degrees of success in treating cases of this disease. Two of these drugs *viz.* tetracyclines and quinine compounds are being manufactured in India but raw material for manufacturing Berenil has to be imported.

Most of the countries from where cattle have been imported are free of theileriasis. The vaccines that are being produced in foreign countries combat infections with local strains of the parasite but do not confer satisfactory immunity against the strains of the parasite prevalent in India. Research work has therefore, been intensified at the Indian Veterinary Research Institute, Punjab Agricultural University and Haryana Agricultural University to devise suitable methods for prevention and control of the disease and to evolve a suitable vaccine incorporating local strains of the parasite. As soon as a potent, safe and effective vaccine is evolved, its large scale use in the field will be taken up. In the meantime known preventive measures are being followed and the clinical cases are being treated with the available drugs, with varying degrees of success. Causes of deaths among imported animals are being looked into on a country-wide basis to ensure that such mortality is not occurring due to any negligence on the part of the management concerned.

[Ministry of Agriculture & Irrigation, Deptt. of Agriculture,
O.M. No. 22-34/75-LDI, dated 1-11-77]

Recommendation (Sl. No. 47, Para 3.193)

The Committee note that IDC proposes to import 200 cows of Jersey/Friesian breed with assistance from the Danish International Development Agency (DANIDA) which has since agreed to provide about 80—85 heifers for the Bull Mother Farms at Ooty, Coonoor, Hyderabad and Bassi and that Government are negotiating with DANIDA the final arrangements for supply of 85 heifers. The Committee are informed that the need for obtaining heifers/cows

from abroad will be reduced as more and more heifers will be raised in the farms. The Committee would like self reliance to be developed in this important field at the earliest.

Reply of Government

Noted for guidance. The need for obtaining heifers and cows from abroad will be reduced as more and more heifers are raised in the Bull Mother Farms. However, at present the strength of animals in the Bull Mother Farms is not adequate and therefore import is necessary for some time. The objective of IDC is to develop self reliance in this field.

[Ministry of Agriculture & Irrigation, Deptt. of Agriculture,
O.M. No. 22-34/75-LDI dt. 3-11-76]

Recommendation (S. No. 48, Para 3.203)

The Committee note that the National Dairy Development Board (NDDB) has conducted "demand" studies in Delhi, Bombay and Madras and "supply" studies in the States (excluding West Bengal) wherein lie the cities hinterland milk sheds. The reports for Calcutta and West Bengal are under finalisation. The Committee suggest that these "demand" and "supply" studies may be updated from time to time so as to facilitate action to balance the demand with supplies.

Reply of Government

The Calcutta Demand Study and West Bengal milkshed study were completed in late 1975. The Continuing Information System (CIS) has been developed to gather data on a continuing basis on production, yield, marketing and consumption pattern of milk and milk products in all milksheds and the four major cities. It is designed, through the seasonal and annual rounds, to record dynamic demand—supply situation—which will be of immense use in formulating future production—marketing strategies. The data so generated will be useful to policy makers and managers and implementing agencies of developmental programmes.

[Ministry of Agriculture & Irrigation, Deptt. of Agriculture,
O.M. No. 22-34/75-IDL dated 1-11-76]

Recommendation (S. No. 49, Para 3.204)

The Committee are informed that facilities have been created at the NDDB for training personnel at all levels sent from the participating States and a training centre has been established to

develop technical manpower in the field of artificial insemination. They would like the Corporation/NDDDB to draw up a perspective plan of the manpower requirements and arrange the training programmes in such a way that adequate number of trained personnel of all categories become available to man the expanding activities at the appropriate time. There should be a close liaison with the State authorities and dairies in the field so as to ensure that the curriculum and contents of the training programme subserve the objective.

Reply of Government

On the basis of the perspective plan for manpower requirements in Operation Flood, the Technical and Manpower Division of the NDDDB has designed a wide range of manpower programmes to help develop personnel with the technical and managerial skills required. However, problems have arisen in the utilisation of these programmes; the state implementing agencies have often proved unable to depute personnel from government dairies, cattle feed plants and dairy corporations for training sufficiently ahead of the time when they are needed on the projects. There appear to be also procedural requirements which delay recruitment of personnel for the state implementing agencies. These sometimes mean that personnel cannot be placed in their respective positions sufficiently in time for training. This problem need not arise when facilities such as dairy processing plants, cattle feed compounding plants, milk procurement and technical inputs programmes etc. are put into the hands of Anand Pattern Co-operative Unions, which being autonomous organisations are able to hire their own professional and technical staff; however, it has not been possible to have these advantages in most cases so far, because the facilities are not handed over to the Unions and this is another reason to expedite the handover of facilities to the Anand Pattern Co-operative Union.

[Ministry of Agriculture & Irrigation, Deptt. of Agriculture,
O.M. No. 22-34/75-LDI dt. 3-11-76]

Recommendation (S. No. 50, Para 3.205)

The Committee note that the Management Information System is being developed at the NDDDB to monitor "Operation Flood" and to cover not only the dairy plants but also the farmers' organisations and milch animals in the milk sheds. The Corporation is also stated to have commissioned a continuing information system and a system development programme for the project, to be implemented by the

NDDB. The Committee also note that according to a proposal accepted by IDC, NDDB will be conducting rural and urban household surveys in the "Operation Flood" areas for which methodology has been worked out. The Corporation expects that specific benefits will be derived not only by the IDC but the dairy industry as a whole from these surveys.

Reply of Government

Noted for guidance. It is expected that the Management information System will be developed during Operation Flood and that it will continue to be of use to the dairy industry as a whole also after Operation Flood, when it is used in operation of the National Milk Grid.

[Ministry of Agriculture & Irrigation, Deptt. of Agriculture,
O.M. No. 22-34/75-LDI dt. 3-11-76]

Recommendation (Sl. No. 50, Para 3.206)

The Committee suggest that the Corporation/NDDB should develop the Management Information System on scientific lines on various aspects of working of the projects under Operation Flood not only to monitor the activities in the interest of efficient working of the dairy plants but also to feed the producers and feeder/balancing dairies with all the relevant information to enable them to organise their operations economically and efficiently and thus achieve the social objectives of the project. The IDC/NDDB may help devise a system of meaningful reporting from the plant level to management which would enable the latter to keep a contemporaneous watch on the functioning of the Unit and take timely remedial measures in the interest of improving efficiency and effecting economics.

Reply of Government

NDDB has developed/is developing several management information systems on scientific lines to monitor activities of the dairy plants and to generate relevant information for the benefit of producers and dairy plants to enable them to organise their operations economically and efficiently. The Milk Union performance system which is in its preparatory stage will form the basis of operation of National Milk Grid. The contemplated system will generate key indices on the performance of each Milk Union in the areas of procurement, processing and product manufacture. The details are being worked out. A manual system of dairy accounting on all

aspects of dairy operations encompassing financial accounting, cost, ing, inventory control and related aspects has been designed and is now being implemented in Mother Dairy, Delhi. The system has been designed for computerisation at a later stage. A cattle feed factory system incorporating least cost formulation, ingredients price-forecasting and procurement schedules has been developed and has been implemented in one cattle feed factory. The aim of the IDC/NDDDB is to get the management of the dairies in the States and at the centre to use these systems and reports etc., in order to help them improve their management practices.

[Ministry of Agriculture & Irrigation, Deptt. of Agriculture,
O.M. No. 22-34/75-LDI dt. 3-11-76]

Further Information called for by the Committee

Brief subject: *Management Information system*

Please state as to how far the management information systems already developed at several places has been found useful in the interest of improving efficiency and effecting economies?

[LSS O.M. No. 19-PU/76 dated 6-12-76]

Further reply of Government

The Management Information System of National Dairy Development Board has yet to be evolved fully. The NDDDB has finalised and published reports on the following:

- (a) Study of milk production and procurement in districts of Saran, Patna, Gaya and Shahabad in Bihar; Kaira and Baroda in Gujarat; Karnal, Rohtak and Gurgaon in Haryana; Kolhapur, Sangli, Satara, Poona, Thana and Kolaba in Maharashtra; Gurdaspur, Ferozepur, Ludhiana, Bhatinda, Ropar and Jullundur in Punjab; Varanasi, Ballia, Gazipur and Mirzapur in Uttar Pradesh; Darjeeling, West Dinajpur, Malda, Murshidabad, Burdwan, Nadia, Bankura, Hoogli, Howrah, Midnapore and 24 Parganas in West Bengal.
- (b) Study of milk and milk products marketing in four major cities viz. Bombay, Calcutta, Delhi and Madras.

These reports have since been forwarded to the concerned State Governments and the Ministry of Agriculture, Government of India.

However, to develop the management information systems fully, the following studies are being conducted by the NDDB on continuing basis and as and when the reports are ready, the same will be forwarded to the State Governments to utilise the information for future planning, improving efficiency and effecting economies in the field of milk procurement and marketing.

- (a) Rural household survey in 18 Operation Flood Milk Sheds in four rounds—one annual and three seasonal rounds.
- (b) Urban household survey in four major cities in four rounds—one annual and three seasonal rounds.
- (c) Urban milk production study—once in a year in 4 major cities.

IDC is also contemplating to have identical system of accounting in all dairies, so that the data can be collected from various dairies on identical basis for the purpose of comparison and will recommend these to the State Implementing Agencies. Further, the bottle-necks in the implementation of various Operation Flood projects, as noticed from reports collected, are being communicated from time to time to the Implementing Agencies with suggestions for taking remedial actions.

[Ministry of Agriculture & Irrigation, Deptt. of Agriculture,
O.M. No. 22-34/75-LDI, dated 29-1-77]

Further (latest) Information called for by the Committee

It was stated that the management information system of NDDB has yet to be evolved fully..." Please state the latest position?

[LSS O.M. No. 19-PU/76 dated 24-12-77]

Further reply of Government

1. National Dairy Development Board has finalised and published the report on Meerut, Muzaffarnagar and Buland Shahar in west U.P. in addition to the districts mentioned in para (a) of reply to para 3.206 sent under IDC's letter No. 255/2/18693 dated 28-12-1976.

2. Rural household surveys in the operation flood milksheds and urban household surveys in the 4 major cities have been initiated in 4 rounds: 1 annual and 3 seasonal rounds. Data has been collected for the 4 rounds of 1975-76 and 1976-77. Data for the annual round and 2 seasons rounds of the years 1977-78 has been collected. Data for the 4 rounds of 1975-76 has been processed and the reports are being written.

3. The urban milk production study has been conducted in the 4 major cities once in a year for the last 2 years. The report is being written.

4. In addition, following special studies were undertaken:

- (a) Participation studies covering about 60 villages co-op. societies to analyse the reasons behind participation in the co-op.
- (b) Institutional demand study has been performed in the 4 cities to estimate the demand for milk and milk products from institutions such as hospitals, hotels, schools etc.
- (c) Co-op. village survey has been conducted in about 60 villages.

5. Distribution survey will be conducted shortly to evaluate different distribution systems.

[Ministry of Agriculture & Irrigation, Deptt. of Agriculture,
O.M. No. 29-3/77-DP, dated 22-2-78]

Recommendation (S. Nos. 53 & 54 Paras 5.11, 5.12 and 5.13)

The Committee note that IDC has taken a number of steps to initiate a National Milk Grid Scheme consisting of four regional grids to remove regional imbalances and to eliminate the country's dependence on imports for keeping up supply of fluid milk in cities. They are informed that the scheme would link the milk schemes of Bombay, Delhi, Calcutta and Madras and also the feeder-balancing plants in surplus rural areas to the urban milk consumption centres via a net-work of storage/transportation facilities. In due course the scheme could enable movement of 2,80,000 litres of milk a day from surplus western grid through a net work of road and rail tankers into the Northern, Eastern and Southern grids thus reducing the deficit of 5 lakh litres a day in these grids to 2.2 lakhs litres a day. The National Milk Grid is also expected to equalise prices of milk, more or less, between all the cities and achieve establishment of connections between farmers of one area with the farmers of the other areas. It will also help standardisation of dairy plants, spare parts and facilitate better inventory control.

The Committee are informed that the concrete proposals about this scheme are yet to be received in the Ministry from the IDC although the broad outlines of the scheme have been sent by NDDDB for consideration of Planning Commission with a copy to the administrative Ministry but the financial implications are yet to be worked out.

The Committee feel that the National Milk Grid Scheme will, if properly implemented be in the overall interest of the country as a whole and will help the producers in surplus areas to find markets for their surplus milk and remove scarcity of milk in the deficit areas. The Committee need hardly point out that if the tempo of development and production of milk in surplus areas is to be sustained it is imperative that the supply of milk from surplus to deficit areas should be maintained on an assured basis. As pointed out by the Inter-Agency Evaluation Mission the regional grids will need least-cost inter-connections to help ensure balanced supplies at equitable prices throughout the National Grid. The Committee stress that the network of storage and transportation facilities should be operated at most economic costs, so as to minimise the overhead expenditure.

(Para 5.11)

The Committee would like the Corporation/Government to evaluate the experience of the regional milk grid operating in Gujarat and draw up guidelines in the light of this experience for the extension of the grid to national level.

(Para 5.12)

The Committee feel that it will be necessary to have one Central authority (which can be IDC) which can be made responsible for developing and ensuring efficient functioning of the National Milk Grid. They also feel that the administrative Ministry would have to take interest in the implementation of the scheme and give purposive lead to resolve the problems of coordination with the state authorities and also with the Central authorities concerned with the movement of milk by rail. The Committee recommend that before implementing the scheme the proposed Central authority and the administrative Ministry should, in consultation with the State concerned, make arrangements for gathering market intelligence in deficit regions regarding the quantity, quality and price of milk and milk products required there and feeding it back to the surplus regions so that the surplus regions can plan out their production and pricing strategy to suit the needs of consumption in deficit regions. Keeping the overall position of demand and supply, the Central authority should work out the techno-economics of the movement of rail and road tankers so as to ensure the quickest transportation of milk at most economic cost. It should organise its operations in such a way that the scheme is on the whole economically viable and achieve the object of ensuring balanced supplies of milk, at equitable prices both to the producers and consumers throughout the National Milk Grid.

(Para 5.13)

Reply of Government

As the Committee has noted, the Anand Pattern Cooperative Unions have become well-established and have built up substantial processing and marketing facilities, for example, in Gujarat State—and, as they have done this, they have found it appropriate to organise the Gujarat Milk Grid. This Grid supplies milk of Bombay and Delhi and all concerned have found this to be in the mutual interest of the producers and consumers concerned. Thus the formation of a Milk Grid is observed to be an evolutionary process and successive State and Regional Grids are expected to evolve in a similar way, as the Anand Pattern rural dairy cooperatives and the urban city marketing facilities develop their capabilities—and, increasingly, the Regional Milk Grids will find it in their interest to ship “surplus” supplies of milk to “deficit” areas, as the Regional Grids coalesce in a National Milk Grid. As this evolution takes place, the Continuing Information System and other systems already mentioned are expected to be of increasing use in the evolution of the Grid, while the present practice of shipping milk and milk products from surplus to deficit areas etc. under bilateral agreements between dairies, Federations etc. will continue and grow in an organised manner. The Indian Dairy Corporation intends to continue its facilitative role in the evolution of the Grid and it is to be expected that, as the National Milk Grid coalesces, the NDDB-IDC will also coalesce into a farmer's body, such as that which has been responsible for development of the dairy industry and of the National Milk Grid in every country where dairying is considered to be advanced.

[Ministry of Agriculture & Irrigation Deptt. of Agriculture
O.M. No. 22-34/75-LDI dated 29-1-77]

Recommendation (S. No. 54, Para 5.14)

The Committee note that standardisation of plants for dairies would facilitate the setting up of National/regional milk grid and also cut down costs on maintenance of the dairies and facilitate inventory control. The Committee would like Indian Dairy Corporation to take a lead in this behalf so that the new dairy units which come up in the country conform to the prescribed standards right the inception.

Reply of Government

Noted. It has been the endeavour of Indian Dairy Corporation to follow a uniform design for the new dairies constructed under

Operation Flood. NDDDB has standardised the Cattle Feed Plant, the Feeder & Feeder Balancing Dairies and City Dairies. By early 1972, the model concept for Feeder Balancing Dairies and Mother Dairies was ready and detailed planning was started on that basis. The Feeder/Balancing Dairies were envisaged to be standardised in terms of size, equipment, milk flow and production programme. Similarly, for Cattle Feed Plants it was finalised to have 100 tonnes per day capacity which can take care of 125,000 animals which is the proposed coverage for a milk shed. All the Cattle Feed Plants being set up under Operation Flood are of the standard design and equipment. Thus, the IDC will continue to follow its policy of urging State implementing agencies etc., to adopt the standardised design and lay outs for dairies and cattle feed plants. With regard to standardisation of specific dairy equipment, however, this matter may very well be resolved fully only after the IDC's subsidiary is set up for the manufacture of dairy and related equipments.

[Ministry of Agriculture & Irrigation Deptt. of Agriculture
O.M. No. 22-34/75-LDI dated 20-1-77]

Further Information called for by the Committee

Brief subject: *National Milk Grid*

- (i) Please state whether the economies of the proposed national Milk Grid Scheme have been examined. If so, what are those?
- (ii) Whether the proposals about the scheme have been submitted to the Ministry of Agriculture; if so, what are their reactions?
- (iii) What are the comments of the Planning Commission in this regard?
- (iv) Have the financial implications of the Scheme been worked out? If so, please give details thereof.

(Less O.M. No. 19-PV/26 6-12-76)

Further Reply of Government

It has been explained in our reply to para 5.13 that formation of milk grid is an evolutionary process. Successive State and Regional Grids are expected to evolve in a similar way as in case of Gujarat Milk Grid—as the Anand pattern rural dairy cooperatives and the urban city marketing facilities develop their capabilities. Increasingly the regional milk grids will find it in their interest to ship “surplus” of milk to “deficit” areas as the regional grids coalesce in a National Milk Grid.

At present in India different types of agencies are handling milk schemes. Mostly these are run by Government Departments. Some are managed by state owned Dairy Development Corporations. Under Operation Flood Project new district cooperative milk unions are coming. In addition, there are a number of private milk factories. So far as State Grid is concerned, at the present moment, the State Government are to initiate movement of milk from surplus to deficit regions within the State. Such movements, however, are restricted to the requirement of city milk schemes owned by Government but really not with an idea to find a market. Many a time State Governments and State Dairy Corporations refuse to take farmers' milk.

Movement of milk between States is restricted because of considerations like price, quality and seasonal nature of supply and demand. Surplus States want to dispose milk only during flush season and deficit States want to get milk only during lean season. Such bilateral arrangements can succeed only if States concerned come to an agreement on long term basis atleast on annually basis. The State Governments probably do not want to make such long term arrangements. Further there is no suitable mechanism in States to forecast milk availability, which also depends, in addition to agro-climatic conditions, on economic factors like price of milk and other connected commodities.

Dairying and Animal Husbandry are State subjects and unless the State Governments agree to participate wholly for marketing of the produce, it will be difficult to evolve a Grid System.

The Ministry of Agriculture has constituted a Central Dairy Development Council. This will be an Advisory Body and one of the terms of reference to :—

“(v) Attend to general policy on milk production and marketing of milk, legal and institutional arrangements for ensuring proper quality of milk and milk products and other issues relating to dairy development.”

When the above aspects are discussed in the meeting, it will be possible to know the reaction of the States.

It is premature to examine the economics of the Milk Grid System or work out a scheme for National Milk Grid.

[Ministry of Agriculture and Irrigation Deptt. of Agriculture
O.M. No. 22-34/75 LDI dated 13-6-77]

Further (latest) information called for by the Committee

- (i) Latest position about the "National Milk Grid Scheme".
- (ii) Please also state the reaction of the State Governments about the said Scheme?

Further Reply of Government

(LSS O.M. No. 19-PV/76 dated 20-12-77)

The concept of National Milk Grid is gaining momentum as milk is now moving to Bombay, Delhi, Calcutta and Madras from distant rural milk production areas. The dairies from Rajasthan|UP|Gujarat supply milk to Delhi. The supply of milk by the States to 4 metropolitan cities is being made by the concerned States and their agencies on a voluntary basis and mutual agreements in the overall interests of rural milk producers.

[Ministry of Agriculture & Irrigation Deptt. of Agriculture
O.M. No. 29-3/77-DP dated 22-2-78]

Recommendation (S. No. 55, Paragraph 6.4)

The Committee note that according to the draft Fifth Five Year Plan document, there is a significant gap between the installed capacity of the existing milk plants and their utilisation levels even in the flush season. The gap it is stated, was due partly to milk sheds of the plants not being well defined with the result that private milk product manufacturers drew substantial quantities of milk from the common areas of milk availability by payment of higher prices both in the flush and the lean season at the expense of city milk plants. The Committee are informed that the Ministry of Agriculture have apprised the Ministry of Industrial Development of the difficulties experienced by the city milk plants.

The Committee need hardly stress that the Government should keep foremost in view the interests of producers and consumers of milk in natural form while considering applications from the private sector for manufacture of milk based product. The Committee feel that if the farmer's cooperatives are set up and their linkage with feeder/balancing dairies is established under the "Operation Flood" expeditiously and the producers start getting remunerative prices and other benefits under the project the difficulties experienced by the milk plants in attracting adequate supplies of milk would disappear to a considerable extent.

Reply of Government

The above recommendation has been brought to the notice of the concerned State Governments by IDC. The Ministry normally considers the applications from the private sector for manufacture of milk products keeping in view the liquid milk requirements by various public/cooperative sector liquid milk plants. The State Governments are implementing feeder/balancing dairies under the Operation Flood programme and they are linked up with the farmers' cooperative, which ensures payment of remunerative price to the farmer producers directly as no middlemen/contractors are involved.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture
O. M. No. 22-34/75-LDI, dated 1-11-76]

Recommendation (S. No. 56, Paragraph 5.18)

The Committee note that in order to strengthen the activities taken up in the first round of "Operation Flood" and to extend the Project to other areas, new projects are planned under the Central Sector of the Fifth Five Year Plan to be handled by the IDC. These plans are on the lines of the recommendations made by the National Commission on Agriculture in its Interim Report on "Milk Production through Small and Marginal Farmers and Agricultural Labourers" which has been accepted by the Government. The Committee are informed that the Planning Commission has fixed a ceiling of Rs. 115 crores for milk marketing and dairy development projects to be undertaken by IDC during the Fifth Five Year Plan, of which Rs. 45 crores are for new schemes and Rs. 70 crores for meeting expenditure on the first round of "Operation Flood". No funds are reported to have been sanctioned for the new schemes during 1974-75 and 1975-76. According to the latest assessment, Rs. 85 crores (as against an earlier expectation of Rs. 70 crores) will be found from out of the generated funds under "Operation Flood" and only Rs. 29 crores (as against earlier assessment of Rs. 45 crores) will now have to be provided from Plan resources. The IDC is stated to be working out revised plan proposals for Rs. 29 crores for the remaining 3 years of the Plan period and the funds are expected to be released during 1976-77. While the Committee note that during the Fifth Five Year Plan, the dairy development Programmes to be handled directly by IDC are proposed to be extended to cover altogether 85 districts in 17 States as against 57 districts in 10 States as originally proposed under the "Operation Flood", the Committee would urge that Government should arrange for timely release of

Plan funds for the dairy development programmes so that "Operation Flood" is not retarded or lost and the gains of the projects already initiated are not only consolidated but also extended to hitherto uncovered regions in the country. The Committee expect that the Union Government will persuade the State Governments to render all assistance to the Corporation in implementing the projects so that the objectives of the project could be realised at the earliest.

Reply of Government

The Planning Commission have agreed to a provision of Rs. 20.00 crores for Milk Marketing and Dairy Development Projects to be undertaken by IDC during the Fifth Plan Period in the States which were not covered under Operation Flood Phase-I or World Bank Projects. Rs. 1.30 crores out of this amount is proposed to be utilised for completion of On-going Operation Flood projects in U.P. and Andhra Pradesh. In this category, 7 States have been identified which are Assam, Meghalaya, Sikkim, Orissa, Jammu & Kashmir, Himachal Pradesh and Kerala. During the year 1976-77, the project for dairy development in Sikkim, at an estimated expenditure of Rs. 149.00 lakhs has been cleared and an amount of Rs. 10.00 lakhs has been actually released for taking up advance action. The remaining projects are under various stages of consideration.

The concept of the scheme is to involve small and marginal farmers and to ensure their active participation in the task of economic betterment of the economically weaker sections of the society so that the benefit of the Schemes reaches them.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture
O.M. No. 21-3/77-DP dated 4-6-77]

Further (latest) Information called for by the Committee

Latest position regarding allocation of funds for Milk Marketing and Dairy Development Projects to be undertaken by IDC during the Fifth Plan Period?

[LSS O.M. No. 19-PU/76 dt. 24-12-77]

Further Reply of Government

The Fifth Five Year Plan's schemes for Dairy development and milk marketing have been approved in principle by the Planning Commission for the seven States viz. Assam, Meghalaya, Sikkim, Orissa, Kerala, Jammu and Kashmir and Himachal Pradesh. The Sikkim dairy project was sanctioned in March 1977, and a sum of Rs. 10 lakhs was released to the Government of Sikkim directly.

It is now proposed to release funds directly to the concerned State Governments.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture
O.M. No. 29-3/77-DP dated 22-2-78]

Recommendation (S. No. 56, Paragraph 6.19)

The Committee stress that the Government/Corporation should keep a close watch to see that the benefits of the Scheme reach the small and marginal farmer and make for his active and willing participation in the task of economic betterment of the economically weaker sections of the society.

Reply of Government

One of the basic objectives of the Operation Flood Programme is to provide benefits to small and marginal farmers involving them in milk production and milk procurement on cooperative lines.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture
O.M. No. 22-34/75-LDI dated 20-1-77]

Recommendation (S. No. 56, Paragraph 9.20)

The Committee stress that the Government/Corporation should keep a close watch to see that the benefits of the Scheme reach the small and marginal farmer and make for his active and willing participation in the task of economic betterment of the economically weaker sections of the society.

Reply of Government

Noted. This is the basic objective of the "Anand Pattern" dairy cooperatives which are being implemented in the States under the Operation Flood.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture
O.M. No. 22-34/75-LDI dated 20-1-77]

Recommendation (S. No. 58, Paragraph 7.21)

The Committee note that during the first year (1970-71) out of the 9300 MT of SMP and 3100 MT of BO despatched by WFP, the Corporation could accept only 6275 MT of SMP and 2292 MT of BO and the balance (32 per cent of SMP and 26 per cent of BO) was rejected on grounds of unsatisfactory quality and packaging. Similarly during 1971-72 out of 9890 MT, SMP received 10 per cent of SMP had to be rejected. The matter was taken up with the WFP

authorities and the supplies received subsequently were more satisfactory. The Committee have given their comments in this regard elsewhere in this report. The Committee stress that the Corporation should continue to exercise utmost vigil on the quality of SMP and BO received under the WFP programme etc. and should not compromise on standards in any manner.

Reply of Government

Noted for compliance.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture
O.M. No. 22-34/75-LDI, dated 3-11-76]

Recommendation (S. No. 59, Paragraph 7.23)

The Committee are surprised to note that even though IDC exercises check on quality of WFP commodities supplied to the city dairies for re-combination, there have been some complaints about the quality of these commodities issued to Milk Schemes importance of conducting through tests to check the quality of SMP and BO not only at the time of receipt of supplies from abroad but also before issue to Milk Schemes and the allottees. They would like the Corporation to review the present mechanism and procedures laid down for testing the quality of these commodities, take all precautions to avoid any deterioration in quality during storage and ensure by all possible means that only such commodities as satisfy the prescribed standards of quality are released for human consumption.

Reply of Government

SMP is received in multi-wall paper bags of approximately 25 kgs and BO is received in 20 kgs. tins. By sample checking of SMP/BO, it is not possible to guarantee the quality of the entire stock as there is often difference in quality from batch to batch and manufacturer to manufacturer. In some cases, the stocks when received at the Indian Ports were old, with the possibility of lumps inside the bags. The exact quantity of these lumps can be determined only when all the bags are opened and checked, which is possible only at the consuming end and not in the godown. Considering the large quantity involved, it is felt that the complaints about the quality have been rather few. Nevertheless the greatest importance is attached to effectiveness of storage, inspection and quality by this Corporation, the quality of commodities in stock is tested from time to time to ensure that only good stocks are issued and appropriate action is taken if any unforeseeable deterioration in quality is noticed.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture
O.M. No. 29-3/77-DF dated 4-6-77]

Recommendation (S. No. 59, Paragraph 7.23)

The Committee would also like that the quality control cells in all the dairies and plants set up under the "Operation Flood" should be independent of Production Department and answerable directly to the top management so that high standards of quality could be maintained.

Reply of Government

The various dairies and plants set up under the Operation Flood Programme in the States, other than Delhi, (DMS and Mother Dairy), are owned and operated by the State Governments or their agencies or milk unions. The recommendation has therefore been commended for their adoption by the Indian Dairy Corporation to the State Governments/State Dairy Corporations/Milk Unions.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture
O.M. No. 22-34/75-LDI Dated 3-11-76]

Further Information Called for by the Committee

Brief subject: *Future Plans*

Please furnish a copy of letter issued by IDC under which the recommendation of CPU had been brought to the notice of the concerned State Governments.

LSS O.M. No. 19—PU/76 dated 6-12-76

Further Information Called for by the Committee

Brief subject: *Quality Control*

Please furnish a copy of the letter issued by the IDC for adoption of the recommendation of the CPU by the States/Milk Union etc.

(LSS O.M. No. 19-PU/76 dated 6-12-76)

Further reply of Government

Copies of the following letters issued by the IDC to the State Governments etc. are as under:

- (i) Letter No. 25S:2:75/12275 dated 23.8.1976 to the Govt. of Maharashtra.
- (ii) Letter No. 25S:2:75/12290 dated 23.8.1976 to the Tamil Nadu Dairy Development Corporation Ltd., Madras and the Govt. of Tamil Nadu.
- (iii) Letter No. 25S:2:75/12291 dated 23.8.1976 to the Govt. of West Bengal.

A copy of the 83rd Report of the CPU was set to the Members of the Consultative Committee of the Indian Dairy Corporation (which includes nominees of all the State Governments implementing Operation Flood programmes) vide IDC letter No. 3S:7:76/7636 dated 24.5.1976. Further a summary of the conclusions/recommendations of the CPU concerning the States was sent to Members of the Consultative Committee and discussed at the 7th meeting of the Committee held on 18th September, 1976.

(Ministry of Agriculture and Irrigation, Deptt. of Agriculture O.M. No. 22-34/75—LDI dt. 29.1.77)

Recommendation (Sl. No. 60, Para 7.24)

The Committee are informed that it was possible that the milk powder get deteriorated at the State level in their dairies for want of proper storing arrangements. They are also informed that if the recombination of SMP and BO is not done properly, then also the quality suffers. The Committee recommend that the Corporation should lay down guidelines for proper storage and proper recombination of SMP and BO by the Mother Dairies and ensure by close follow up action that the guidelines are followed by the dairies.

Reply of Government

Noted for compliance by Indian Dairy Corporation.

(Ministry of Agriculture and Irrigation, Deptt. of Agriculture O.M. No. 22—34/75—LDI, dt. 3-11-76)

Further Information Called for by the Committee

Brief subject: **Quality Control**

Please state specifically whether any action in regard to issue of guidelines in the matter has been taken by the Corporation. If so, please furnish a copy of such guidelines. Please also intimate the action taken/proposed to be taken for ensuring that guidelines are followed by dairies?

(LSS O.M. No. 19-PU/76 dated 6.12.76)

Further Reply of Government

No specific guidelines for proper storage and proper recombination of skim milk powder and butter oil to the Mother Dairies were considered necessary at this stage. Delhi Mother Dairy is being run

by the National Dairy Development Board who are fully aware of the proper techniques. Mother Dairies at Bombay and Madras are being run by the Dairy Development Commissioner, Maharashtra and Tamil Nadu Dairy Development Corporation who have long experience of storing skim milk powder and butter oil and their recombination. In this connection it may be stated that in 1970, when butter oil was first imported under Operation Flood Programme, an orientation programme was conducted for Quality Control Officers of the four metropolitan dairies, which was attended by representatives of National Dairy Research Institute, Karnal and Amul Dairy also. In the course of this programme techniques for quality control and recombination were discussed and formal guidelines were issued in September, 1970 to all the four metropolitan dairies.

(Ministry of Agriculture and Irrigation, Deptt. of Agriculture, O.M. No. 22—34/75-LDI, dt. 29-1-77)

Recommendation (Sl. No. 61, Paragraph 7.25)

The Committee find that out of 31,000 tonnes of SMP and 10,000 tonnes of BO sent to India by WFP, nearly 4,000 tonnes of SMP and 700 tonnes of BO were found unsuitable for recombination into liquid milk and were not accepted by the IDC. A part of the rejected SMP and BO was considered suitable for human consumption and passed on by World Food Programme for use of bakeries and Halwais and also to other Dairy Plant. The Committee were informed during evidence of IDC that some quantity of rejected SMP and BO got passed on to certain other State dairies even after the Corporation had written to the Government that the rejected stuff should not be allowed as food to human beings once the Corporation had already rejected it. The Committee recommend that this matter may be investigated by the Government with a view to fixing responsibility and ensuring that such a lapse would not recur. The committee should be informed of the outcome of the investigation.

Reply of Government

A meeting was held in this Ministry with WFP Officials in New Delhi on 13.2.73 and the following agreement was reached with WFP.

1. Although Government have accepted the priorities laid down by WFP in their letter No. WFP. 618/4 dated the 20th September, 1971 for disposal of the rejected commodities under Operation Flood, all correspondence in

future relating to the disposal of these commodities would be addressed to the Ministry when necessary action would be taken to arrange for transfer/disposal of rejected commodities through IDC.

2. As disposal of certain quantities of milk directly by WFP had created certain complications, the Govt. would not wish WFP to be involved directly in any sales. In future, all disposals of rejected commodities would be arranged through the IDC.
3. WFP would supply under Operation Flood (Subject to availability) full quantity of 1,26,000 tonnes of SMP and 42,000 tonnes of butter oil excluding the quantities rejected. Therefore, the sale proceeds being realised from the sale of rejected commodities would automatically become available to WFP for use after WFP had fully discharged their commitments.

The IDC was directed to implement the agreement reached between the Govt. and WFP. Secretary (Agri.) had also written in the matter to the Resident Representative, UNDP, New Delhi and had categorically told him that in future commodities will not be disposed of directly by the WFP.

The Minister of State of Agriculture also wrote to Chairman, IDC, on the subject of disposal of WFP commodities which were unfit for recombination into milk and for a thorough enquiry in order to fix responsibility on the officials who allowed the accepted commodities to become sub-standard and unfit for recombination into liquid milk. The matter had accordingly been examined in detail by IDC who were of view that there was no scope whatsoever to find fault with and fix responsibility upon any one for deterioration in quality on storage of a small percentage of WFP commodities which became unsuitable for recombination into liquid milk.

[Ministry of Agriculture and Irrigation (Deptt. of Agriculture)
O. M. No. 22—34/75-LDI dated 24th Feb., 1977]

Further Information called for by the Committee

It was stated that "the matter had accordingly been examined in detail by I.D.C. who were of view that there was no scope whatsoever to find fault with and fix responsibility upon any one for

deterioration in quality on storage". Please state whether the Government are satisfied with the above view of I.D.C.?

[LSS O.M. No. 19-PU/76 dated 29th June, 1977]

Further reply of Government

The original recommendation No. 7.25 as contained in the 83rd Report of the Committee on Public Undertakings on Indian Dairy Corporation is reproduced below:—

"The Committee find that out of 31,000 tonnes of S.M.P. and 10,000 tonnes of BO sent to India by WFP, nearly 4,000 tonnes of S.M.P. and 700 tonnes of BO were found unsuitable, for recombination into liquid milk and were not accepted by the I.D.C. A part of the rejected SMP and BO was considered suitable for human consumption and passed on by World Food Programme for use of kab bakeries and Halwais and also to other Dairy Plant". The Committee were informed during evidence of IDC that some quantity of rejected SMP and B.O. got passed on to certain other State dairies, even after the Corporation had written to the Government that the rejected stuff should not be allowed as food to human beings once the Corporation had already rejected it. The Committee recommend that this matter may be investigated by the Government with a view to fixing responsibility and ensuring that such a lapse would not recur. The Committee should be informed of the outcome of the investigation."

According to the information furnished to this Department by the I.D.O. on 23-3-1973, out of above 31,000 tonnes of S.M.P. and about 10,000 tonnes of butter oil, 4,084 tonnes of S.M.P. and 742 tonnes of butter oil had to be rejected on arrival at the Indian ports being found unsuitable for recombination into liquid milk which was to be replaced by the W.F.P. These damaged commodities which were the property of W.F.P., if otherwise suitable for human consumption, could be allotted to other WFP projects or supplied to other Dairy Plants or Food Processors etc. The commodities unfit for human consumption could be disposed of by W.F.P. for manufacture of case in or animal feed, etc. and accordingly, the damaged commodities were disposed of by W.F.P. There was no substance in the newspaper report that the Government had permitted the sale of rotten milk powder and butter oil unfit for human consumption which was received under the W.F.P. to the vulnerable sections of the Society. Out of a large quantity of about 31,000 tonnes of S.M.P. and 10,000 tonnes of butter oil imported by W.F.P., only 960

tonnes of S.M.P. found unfit for human consumption were sold to the bonafide manufacturers specially for the manufacture of case in, animal and poultry feed.

In order to ensure that W.F.P. donated commodities unfit for human consumption do not find their way to the open market it had been decided at a meeting held in this Ministry with W.F.P. officials in New Delhi on 13-2-1973 that in future the disposal of damaged and rejected commodities would be arranged through the I.D.C.

Out of the commodities accepted by the I.D.C. for project use, 566 tonnes of S.M.P. and 155 tonnes of butter oil were also subsequently found unsuitable for recombination into liquid milk. Out of this 414 tonnes of S.M.P. and 155 tonnes of butter oil which were suitable for human consumption were sold by the Corporation to bakeries, confectioners and Halwais. The remaining 152 tonnes of S.M.P. were sold as animal feed.

In this connection, the then Minister of State for Agriculture had written to the Chairman, I.D.C. The I.D.C. was instructed to review the testing arrangements and adoption of stricter measures in order to ensure that only such commodities are allowed to be transferred to other W.F.P. projects in India or sold to bakeries, confectioners and Halwais which were fully fit for human consumption. Regarding 566 tonnes of S.M.P. and 155 tonnes of butter oil which had earlier been accepted by the Corporation from W.F.P. but were subsequently found unfit for recombination, the Chairman, I.D.C. was requested to furnish detailed reasons as to why these commodities had become sub-standard requiring their disposal to bakeries, confectioners and Halwais or for use as animal feed and also to arrange for a thorough enquiry in order to fix responsibility on the officials who allowed these accepted commodities to become sub-standard and unfit for recombination into liquid milk.

The Chairman, I.D.C. in reply had stated that the supplies of S.M.P. and butter oil found unsuitable for recombination into liquid milk are not necessarily of such sub-standard quality, as to be categorised "unfit for human consumption" specially if they are to be used for purposes other than as drinking milk. For instance such SMP which was unfit for recombination can be used in the manufacture of biscuits, confectioneries, etc. where the standard of specification need not be as rigid. Similarly, butter oil of higher peroxide value and free fatty acids than that need for recombination, can readily serve the purpose of cooking ghee in bakeries, confectioneries and Halwai's establishments. The Chairman, I.D.C. had opined that

in Corporation's view the tests carried out to establish edibility of S.M.P. and butter oil found unsuitable for recombination are sufficient basis for the release of these commodities for use in other feeding projects of W.F.P. or by bakeries, confectioners and Halwais, The Chairman also stated that the matter had been examined in detail by I.D.C. who were of the view that there was no cause to find fault with and fix responsibility upon anyone for deterioration in quality on storage of a small percentage of W.F.P. commodities which became unsuitable for recombination into liquid milk.

Explanation given by Chairman, I.D.C. was considered and was found satisfactory by this Ministry.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture O.M. No. 29-3/77-DP dt. 7-9-77]

Recommendation (Sl. No. 62, Paragraph 7.26)

The Committee are informed that out of the commodities accepted by the Corporation for project use, 566 tonnes of SMP and 125 tonnes of BO were subsequently found unsuitable for recombination into liquid milk. Out of these 414 tonnes of SMP and the whole of BO which were considered suitable for human consumption, were sold to the bakeries, confectioneries and "Halwais" and the remaining SMP was sold as animal feed. The Committee are not sure whether the quality tests conducted at the time of their receipt of SMP and BO from abroad were thorough.

Reply of Government

The position about quality tests at the time of the receipt of SMP and BO is stated against para 7.22. Stocks of SMP and BO, which are old but fit for recombination at the time of receipt deteriorate fast and in such cases a part of stock is likely to become unfit for recombination in the course of storage. The Corporation has endeavoured to minimise the deterioration by ensuring proper storage conditions. In this connection, reference is invited to observations of the Second UN/FAO WFP Evaluation Mission, which visited India during March 1975 as under vide paras 5.3.1 and 5.3.8 of their detailed Report.

"The post-CIF losses noted above average less than 0.15 per cent of the total quantities received and this can be considered satisfactory".

"The Mission was informed by the WFP officers in Delhi that they were satisfied with the logistic arrangements made by the I.D.C. for

receipt, transportation, handling and storage of the WFP commodities supplied to the project. This view was borne out by the Mission's own observations of the work of the IDC in this field".

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture
O.M. No. 22-34/75-LDI, dated 1-11-1976]

Recommendation (Sl. No. 62, Paragraph 7.27)

The Committee find that both the Corporation and the W.F.P. authorities, considered certain quantities of "damaged commodities" suitable for human consumption and disposed them for use by human beings. They cannot over-emphasise the importance of conducting a fulproof check on such "damaged commodities", before disposing them for human consumption. The Committee would like the Government to lay down suitable standards in this regard and take positive steps to ensure that only such S.M.P. and BO is released for human consumption as is absolutely safe and will have no adverse effect on the health of the people.

Reply of Government

The quality standards of SMP as laid down under the Prevention of Food Adulteration Rules are followed by the I.D.C. The standard for SMP under P.F.A. Rules was finalised by the Central Committee for Food Standards of D.G.H.S. On the basis of the analytical reports received from various sources and also keeping in view the international standard the Central Committee for Food Standards circulated a draft standard for inviting comments. Thereafter the concerned sub-Committee discussed the comments and finalised the standard for SMP and recommended it to C.C.F.S. for acceptance. The standard was later notified in the Gazette.

The S.M.P. which does not conform to P.F.A. standard is sold by I.D.C. for manufacture of compounded cattle feed and poultry feed to Government, Cooperative and State Dairy Development Corporation owning Feed Milling Plants and Bull Mother Farms under Operation Flood. The S.M.P. is issued to these State and Public Sector Organisations on the specific understanding that they should utilise this only for manufacture of cattle feed and poultry feed. In view of the fact that these organisations are under public and cooperative sectors, it is unlikely that these organisations will use the SMP for purposes other than cattle feed and poultry feed. In order to ensure that the sub-standard SMP is not misused, either for adulteration of milk or for human consumption, such stocks are not sold by the I.D.C. in the open market.

So far as judging butter oil which is unfit for recombination but can be used as cooking medium, the I.D.C. is following more or less the standards laid down for ghee, as the C.C.F.S. has not yet laid down the standard for butter oil for which the I.D.C. has already made a reference to the Committee. The I.D.C. has indicated that during the last two years, only a very small quantity of 1,465 tonnes butter oil was found unsuitable for human consumption and was sold for purpose of manufacture of soap to West Bengal Poultry and Dairy Development Corporation, Calcutta, and Swift Chemicals, Delhi. This stock of butter oil was contaminated with foreign material and was not in original packing and the appearance, texture and flavour was such that this could not be used for edible purpose.

[Ministry of Agriculture and Irrigation, (Deptt. of Agriculture)
O.M. No. 22-34/75-LDI, dated 13-6-1977]

Further Information called for by the Committee

Latest position regarding laying down the standards of Butter Oil under the Prevention of Food Adulteration Rules.

(LSS O.M. No. 19-PU/76, dated 24-12-1977)

Further Reply of Government

The matter relating to laying down standards for Butter Oil under the Prevention of Food Adulteration Rules is expected to be taken up in the meeting of the Central Council for Food Standards due to be held in March, 1978.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture
O.M. No. 22-34/-LDI, dated 22-2-1978]

Further (latest information called for by the Committee

It was stated (Feb. 1978) that "the matter relating to laying down standards for Butter Oil under the PFA Rules is expected to be taken up in the meeting of Central Council for Food Standards in March, 1978". What is the latest position?

(LSS O.M. No. 19-PU/76, dated 3-4-1980)

Further Reply of Government

With a view to laying down standards for butter oil, the Central Council for Food Standards of the Directorate General of Health Services, issued a circular to all the Public Analysis in the country seeking their views on laying down standards of Butter Oil as given under Codex which is the international standard for Butter Oil.

There was no response to the circular of the C.C.F.S. In view of this, no specifications for butter oil was prescribed.

In view of the fact that presently no butter oil is made in India, the time is not propitious to lay down standards for this product under the Prevention of Food Adulteration Act.

[Ministry of Agriculture, (Deptt. of Agriculture & Cooperation)
O.M. No. 29-17/80-DP, dated 6-10-1980]

Recommendation (Sl. No. 63, Para 7.28)

The Committee are also informed that the SMP and BO were not considered suitable for human consumption, were disposed of by WFP authorities and the Corporation for manufacture of caseine and animal feed etc. They feel that the possibility of such stuff being subsequently diverted for human consumption by unscrupulous elements cannot be completely ruled out. The Committee recommend that either the Government Corporation should take measures to see that the stuff which is not considered suitable for human consumption is used solely for the manufacture of caseine and animal feed under the direct supervision of Government Corporation authorities or that there should be built in safeguards in the procedure for the disposal of such stuff in such a manner that it can under no circumstances get diverted to human consumption. The Committee need hardly point out that a mere certificate from the buyer of such a stuff that he will not use it for human consumption is not adequate and should not create any complacency in the Ministry or Corporation in this regard.

Reply of Government

As regards safeguards against misuse of rejected SMP and butter oil, the IDC has stated that the SMP which does not conform to PFA standards is sold for manufacture of compounded cattle feed and poultry feed to Government, Cooperative and State Dairy Development Corporations owning Feed Milling Plants and Bull Mother Farms under Operation Flood. The SMP is issued to these Organisations on the specific understanding that they should utilise this only for manufacture of cattle feed and poultry feed. In view of the fact that these organisations are under public and cooperative sectors, it is unlikely that these organisations will use the SMP for purposes other than cattle feed and poultry feed. In order to ensure that the Sub-standard SMP is not misused either for adulteration of milk or for human consumption, such stocks are not sold by the IDC in the open market.

For judging butter oil which is unfit for recombination but can be used as cooking medium, the IDC is following more or less the standards laid down for ghee as the Central Committee for Food Standards has not yet laid down the standards for butter oil, for which the IDC has already made a reference to the Committee. The IDC has stated that during the last 2 years, only a very small quantity of 1,465 tonnes of butter oil was found unsuitable for human consumption and was sold for purpose of manufacture of soap to West Bengal Dairy and Poultry Development Corporation, Calcutta and Swift Chemicals, Delhi. This stock of butter oil was contaminated with foreign material and was not in original packing and the appearance, texture and flavour was such that this could not be used for edible purposes.

[Ministry of Agriculture and Irrigation (Deptt. of Agriculture)
O. M. No. 29-3/77-DP, dated 1-11-1977]

Recommendation (Sl. No. 65, Paragraph 8.17)

The Committee are glad to note that there will be no commercial import of SMP during 1975-76 due to improvement in milk supply position and availability of indigenously produced SMP. The Committee have no doubt that, as stated by the Corporation, as more and more feeder balancing dairies are commissioned, it should be possible to convert seasonal surpluses of milk into SMP and butter to meet the shortfall during the lean seasons and this should reduce the need for import of SMP. The Committee need hardly stress the need to achieve self-sufficiency in this sphere and urge that the Corporation/Government should accelerate the progress of various works under the project "Operation Flood" so as to achieve this objective at the earliest.

Reply of Government

Noted

During 1976-77 also it has been decided that Indian Dairy Corporation will purchase 4,000 tonnes of indigenous SMP for commercial pool and there will be no commercial import.

[Ministry of Agriculture and Irrigation, (Deptt. of Agriculture)
O.M. No. 29-3/77-DP dated 4th June, 1977]

Recommendation (Sl. No. 66, Paragraph 8.19)

The Committee were informed that after canalising of the import of SMP was given to the Corporation, certain factories in Karnataka in small scale sector were found to have received import licences even though they were not engaged in the manufacture of baby food. They were informed that the Corporation had written to the Government and demanded a CBI enquiry into the matter. The Committee would like to be informed whether the matter has since been examined by Government and the investigation entrusted to the CBI as demanded by the Corporation, and, if so, with what results. The Committee are constrained to conclude from the above that import licences were given to the applicants without checking their standing or performance in the field of manufacture of baby and malted milk foods. They would like the Government to tighten the procedure for issue of import licences so as to ensure that licences are issued only after satisfying that the units are actually engaged in manufacture of baby foods etc. and after verification of their capacity production programme and the need.

Reply of Government

Prior to canalisation of import of SMP from the year 1970-71 import licences were issued to large and small scale manufacturers of Baby food and malted milk foods. After canalisation of import of SMP, through that IDC, release orders are issued by Licencing Authorities. In order to identify the genuine manufacturers of Baby food and malted milk foods in the small scale sector the CCI&E and Dev. Commissioner (SSI) took various measures and as a result 18 genuine manufacturers have been identified now in the small scale sector to whom release orders are being issued for SMP. The policy prescribed in the Import Trade Control Policy for 1976-77 (Red Book) also ensures supply of SMP only to genuine manufacturers of baby food and malted milk food.

[Ministry of Agriculture and Irrigation, (Deptt. of Agriculture)
O.M. No. 22-34/75-LDI, dated 20th Jan., 1977]

Recommendation (Sl. No. 66, Paragraph 8.19)

What specific action has been taken by Government on the communication of IDC demanding investigation to be made by the CBI against certain factories in Karnataka in small sector who had received import licences of SMP but they were not engaged in the manufacture of baby food?

Reply of Government

The misuse of imported SMP by spurious manufacturers of baby food and malted milk food in the small scale sector had become a major problem and the Ministry had moved the CCI&E and development Commissioner, Small Scale Industries (SSI) in order to weed out the spurious manufacturers and identify genuine bonafide manufacturers. The issue was not one of a few manufacturers in a particular State against whom action should be taken but one of the moving in quickly to prevent misuse by non bonafide users of SMP in order to ensure that the genuine users' demands were adequately met.

[Ministry of Agriculture & Irrigation (Deptt. of Agriculture)
O.M. No. 29-3/77-DP, dated 29th June, 1977]

Recommendation (Sl. No. 67, Paragraph Nos. 9.15 and 9.16)

The Committee are given to understand that elimination of middlemen has helped the actual milk producers to receive remunerative prices. The Ministry have stated that the consumer price can be kept low by keeping the processing and handling cost at the minimum and by quick and cheap means of transport from milk sheds to city plants and cutting down distribution costs. The Committee are informed that some steps are being taken in that direction. The Committee would like to be informed of the position and steps taken for bringing down the consumer price.

The Committee also urge that the Corporation/Government should not relax their vigil to safeguard the interests of producers and protect them from being exploited at the hands of middlemen even during the flush season.

Reply of Government

The observations of the Committee have been brought to the notice of the State Governments and the implementing agencies who own and run the dairies.

One of the major programmes under the 618 WFP Project (Operation Flood) is organisation of milk procurement directly from producers through Anand Pattern Cooperatives which are expected to safeguard the interests of producers.

[Ministry of Agriculture and Irrigation (Deptt. of Agriculture)
O.M. No. 22 34/75-LDI, dated 20th Jan., 1977]

Further Information called for by the Committee

Is the procurement of milk being done directly from cooperatives or through middlemen at present?

[LSS O.M. No. 19-PU/76 dated 20-5-77]

Further Reply of Government

The TNDDC procures all the milk for the Mother Dairy, Madras from the cooperatives organised in the rural areas.

The Greater Bombay Milk Scheme now draws all their supplies for the city milk supply scheme from the rural cooperatives in Maharashtra.

In Calcutta the Calcutta Milk Scheme still draws a substantial portion of their supplies from the milk contractors, who deliver milk at the chilling centres and from the licences in the Haringhatta milk colony. Only a very small quantity of milk is procured from the cooperative societies as the Calcutta Milk Scheme is yet to organise dairy cooperatives in milk districts not covered by National Dairy Development Board's spearhead team.

From 1st January, 1977, DMS has discontinued the system of taking milk through middlemen. All milk procurement is made through the Rajasthan Dairy Development Corporation, the Pradeshik Co-operative Dairy Federation, Lucknow and other milk unions and cooperative societies. Even in the case of departmental procurement of milk by DMS, milk is being accepted directly from producers with a view to elimination of the middlemen.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture, O. M. No. 29-3/77-DP, dated 29-6-77].

Further (latest) information called for by the Committee

Latest position regarding procurement of milk through cooperatives in Tamil Nadu, Maharashtra and West Bengal.

[LSS O.M. No. 19-PU/76, dated 24-12-77]

Further Reply of Government

Tamil Nadu

Procurement of milk in Erode/Vellore Madras, Madurai and Ooty milksheds is being organised through cooperatives. In all the milksheds together there are 1269 Anand Pattern Cooperatives and 598

conventional type cooperatives altogether collecting 1,96,120 litres of milk per day (during November, 1977).

Maharashtra

Milk procurement through Anand Pattern cooperatives is being done in Jalgaon milkshed of Maharashtra. The Jalgaon Federation has organised 350 Anand Pattern and 165 conventional primary societies collecting about 73,000 litres (Nov. 77) of milk per day. The Government of Maharashtra has agreed to establish Anand Pattern cooperatives in Kolhapur and Thane milkshed also. Modalities for organising procurement through cooperatives in Kolhapur and Thane milksheds are being worked out.

West Bengal

Milk procurement in Darjeeling and Murshidabad milksheds is organised on Anand Pattern. So far 183 and 145 societies have been organised in Darjeeling and Murshidabad milksheds collecting about 15,000 and 4500 litres of milk (November, 1977) per day respectively. The latest order reducing the procurement price of milk and the inappropriate seasonal price have affected the procurement seriously.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture,
O.M. No. 29-3/77-DP, dated 22-2-78]

Further (latest) information called for by the Committee

Position regarding procurement of milk through cooperative in States of Tamil Nadu, Maharashtra and West Bengal was intimated in November, 1978. What is the latest position? Does the Calcutta Milk Scheme continue to draw a substantial portion of its supplies from the milk collectors?

[LSS O.M. No. 19-PU/76, dated 3-9-80]

Further Reply of Government

There were a total of 3979 cooperative societies in the States of Maharashtra, West Bengal, and Tamil Nadu in July, 1980. The procurement through these societies together during the flush in the year 1979-80 amounted to about 4.35 lakh kgs. of milk per day. The Belgachia dairy at Calcutta receives 60 per cent of its milk requirements from the State owned cattle colony at Haringhatta and Kalyani and 15 per cent from cooperatives. The entire pro-

curement of milk of the Mother Dairy at Dankunj is received from dairy cooperatives.

[Ministry of Agriculture and Co-operation, Deptt. of Agriculture,
O.M. No. 29-17/80-DP, dated 6-10-80]

Recommendation (Sl. No. 68, Paragraph 9.17)

“The representative of the Ministry of Agriculture stated during evidence that it is our endeavour to see that we stop subsidising of milk in the metropolitan cities and to utilise the resources available for the purpose of upgrading the milk animals and see that milk production is thereby increased so that the cost might generally come down because of plentiful supply of milk. This will also help in bringing down the cost of the weaker sections. The Committee agree with the representative of the Ministry that public funds should be utilised primarily for the purpose of increasing the milk yield. Without going into the merits of questions for grant of subsidy to Delhi Milk Scheme, the Committee would like Government to take suitable measures to place Delhi Milk Scheme on sound footing.”

Reply of Government

With a view to raising milk production and availability of milk in the milk shed areas surrounding Delhi, four Intensive Cattle Development Projects were sanctioned by the Government of India in the Central Sector in 1967-68. The objective was to step up milk production through improved cattle development and breeding activities in areas around Delhi for ensuring better supply of milk to Delhi Milk Scheme. These projects have been continued through the Fourth Five Year Plan and are also being continued in the current Five Year Plan. The only change is that the Bikaner project has been transferred from 1-8-1976 for implementation from the State Government to the Cooperative Milk Union which Rajasthan State Organised under 'Operation Flood' out of Rs. 295.37 lakhs allotted for these projects under the Fourth Plan period, a sum of

Rs. 267.91 lakhs were actually spent during this period. The amount allocated in the Fifth Plan is Rs. 292.18 lakhs and a sum of Rs. 162.33 lakhs has already been spent. The Planning Commission has approved outlays of Rs. 117 lakhs for the remaining two years of the Plan. As a consequence of the review of the activities under this project, there has been a strengthening of activities to provide for better breeding facilities in the shape of frozen semen stations instead of liquid semen stations and thereby provide for distribution of high quality bulls, the activities connected with breeding under frozen semen techniques have been now accommodated under the special central sector scheme for ICDPs. The revised provision of Rs. 6.85 crores has been provided in the current Plan period as against original allocation of Rs. 4 crores to facilitate the additional activities which will increase milk production.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture,
O.M. No. 29-3/77-DP, dated 1-11-77].

Recommendation (Sl. No. 68, Paragraph No. 9.17)

The representative of the Ministry of Agriculture stated during evidence that it is our endeavour to see that we stop subsidising of milk in the metropolitan cities and to utilise the resources available for the purpose of upgrading the milch animals and see that milk production is thereby increased so that the cost might generally come down because of plentiful supply of milk. This will also help in bringing down the cost to the weaker sections. The Committee agree with the representative of the Ministry that the public funds should be utilised primarily for the purpose of increasing the milk yield. Without going into the merits of questions for grant of subsidy to take suitable measures to place DMS on sound footing.

Reply of Government

The recommendations of the Committee have been noted. The various suitable measures to place DMS on sound footing, the Scheme has introduced supply of toned milk containing 3 per cent fat in lieu of special toned milk containing 3.5 per cent fat at the rate of Rs. 1.30 per litre w.e.f. 30-9-1976. 3 out of 5 old and worn out bottling lines have been replaced with 2 high speeding bottling lines. This will result in strict control over the breakage of bottles

in processing. However, in order to reduce the quantum of losses which will still persist, the only alternative is to consider the question of increase in the sale price of milk.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture, O.M. No. 34/75-LDI, dated 4-6-77].

Recommendation (Sl. No. 68, Paragraph No. 9.17)

Further (latest) information called for by the Committee

In the case of D.M.S. it was stated that "in order to produce the quantum of losses which will still persist, the only alternative is to consider the question of increase in the sale price of milk." Please state the latest position in the matter?

[LSS O. M. No. 19-PU/76 dated 24-12-77].

Further Reply of Government

A proposal for revision of the sale price of the milk distributed by the D.M.S. has been formulated and is being placed before the Cabinet for approval. With the proposed revision of the price, the D.M.S. is expected to run on no profit no loss basis.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture, O.M. No. 29-3/77-DP, dated 22-2-78].

Recommendation (Sl. No. 68, Paragraph No. 9.17)

Further (latest) information called for by the Committee

It was stated that "a proposal for revision of the sale price of the milk distributed by the DMS has been formulated and is being placed before the Cabinet for approval. With the proposed revision of the price, the DMS is expected to run on no profit no loss basis."

(i) What is the latest position?

(ii) Please state about the financial position of the DMS after the revision of sale price of the milk.

- (iii) Has the increase in sale price of DMS milk affected in any way the milk supply by IDC in Delhi. If so, please give details?

[LSS O.M. No. 19-PU/76, dated 27-9-78].

Further Reply of Government

(1) Delhi Milk Scheme was conceived as a commercial Organisation to be run on 'no profit no loss' basis. However, the scheme had incurred losses ever since its inception except during the year 1969-70 and 1970-71, mainly due to recurring increase in the cost of inputs like raw milk, skim milk powder, Stores, Salaries etc. without any corresponding periodical increase in the selling prices. Taking into consideration the aforesaid situation as well as to minimise the losses, there was a proposal to increase the selling prices of toned milk from Rs. 1.30 per litre to Rs. 1.90 per litre and Double Toned Milk from Re. 0.70 per litre to Re. 0.90 per litre. Considering various factors, the price of toned milk has been increased to Rs. 1.80 per litre and no increase in the sale price has been made with regard to double toned milk.

(2) The average throughput of milk in Delhi Milk Scheme before revision of the price was around 3.6 lakh litres per day. This level of throughput was, however, achieved by over-working the existing machinery and plants which are running since inception. A decision has recently been taken to renovate the machinery and plants in the Central dairy of the scheme so as to bring these in a State of satisfactory working condition and improve efficiency. It has also been decided to run the Delhi Milk Scheme at the rate of 3 lakh litres of milk per day, and not revert back to its earlier average throughput of 3.6 lakh litres a day. Decision has also been taken to discontinue manufacture of certain by-products like ice-cream, flavoured milk, yoghurt etc. The desired impact of price

increase on the overall financial position of Delhi Milk Scheme, however, could not be achieved due to certain factors e.g. (i) decrease in the level of throughput both relating to liquid milk and by products, (ii) further increase of the cost of in-puts such as, raw milk s.m.p. salary etc. during current financial year without matching increase in selling price.

The increase in the selling price of D.M.S. milk will mean reduction in overall losses which had been incurred in the course of the last few years. It is estimated that the financial loss of the D.M.S. in the R.E. of 1978-79 will come down to Rs. 3.76 crores and Rs. 2.88 crores in 1979-80 against the projected loss of Rs. 10 crores as provided for the Budget Grant of 1978-79.

(iii) Consequent to the increase in the sale price of Delhi Milk Scheme, there has been an increase in the milk supply by the Delhi Mother Dairy run by the N.D.D.B, as may be seen from the figures indicated below:

Month	Average daily milk supply (in litres)
March, 78	1,94,670
April, 78	2,28,282
May, 78	2,49,202
June, 78	2,56,035
July, 78	2,69,518
August, 78	2,91,121
September, 78	2,96,522

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture, O.M. No. 29-3/77-DP, Vol. II, dated 22-11-78]

Further (latest) Information called for by the Committee

(i) Has there been any further revision of sale price of standard, toned and double toned milk distributed by DMS? What are the current prices?

(ii) What was the loss suffered by DMS on sale of milk during the years 1975-76 to 1979-80 (year-wise)? When do the DMS expect to run on no profit no loss basis?

(iii) Is Government still granting subsidy to DMS. If so, please indicate the amount of subsidy granted to it during each of the last 3 years as also the total subsidy granted to DMS since its inception.

[LSS O.M. No. 19-PU/76, dated 3-7-80].

Further Reply of Government

(i) The sale price of toned milk was revised w.e.f. 2nd May, 1978 at Rs. 1.80 per litre.

(ii) The losses suffered by the Delhi Milk Scheme from the years, 1975-76 to 1979-80 are as follows:—

	(Rs in lakhs)
1975-76	576.78
1976-77	636.48
1977-78	707.00
8-79	195.93 (provisional)
1979-80	182.59 (provisional)

While every effort is being made to reduce losses through measures for better management, a proposal is also under consideration for an increase in the sale price of milk in order to enable DMS to break even.

(iii) The DMS being a Departmental undertaking is operating with revenue and expenditure separately classified. Mainly on account of the price of DMS milk being lower than the economic price the DMS was suffering losses. The loss suffered by the DMS is automatically carried by the Departmental budget.

[Ministry of Agriculture, Deptt. of Agriculture and Co-operation,
O.M. No. 29-17/80-DP, dated 6th Oct., 1980]

Recommendation (Sl. No. 68, Paragraph No. 9.18)

The Committee would also like that Government should take concerted measures to see that production and procurement of milk is stepped up so that availability of milk may increase and prices become more competitive and within reach of common man.

Reply of the Government (Department of Agriculture)

Necessary measures have and are being taken to stimulate milk production in the country as a whole. One of the major measures introduced in recent years is the establishment of Intensive Cattle Development Projects. Other important cattle development projects which have a direct bearing on milk production are:—

1. All India Key Village Scheme.
2. Cross-Breeding Scheme.
3. Feeds and Fodder Development Programmes.
4. Goshala Development Scheme.
5. Strengthening and Expansion of Livestock Farms.
6. Calf Rearing Scheme.
7. Cattle Shows and Milk Yield Competitions.
8. Disease Control Programme:—
 - (a) Increase in number of veterinary hospitals and dispensaries.
 - (b) Rinderpest Eradication Scheme.
 - (c) Expansion of Biological Products Laboratories for production of vaccines and sera.

It is expected that with the implementation of above measures there will be increase in milk production which will help in making available more milk.

[Ministry of Agriculture and Irrigation (Deptt. of Agriculture),
O.M. No. 22-34/75-LDI, dated 20-1-77].

Recommendation (Sl. No. 70, Paragraph No. 9.30)

The Committee note that it was provided in the "Operation Flood" that SMP and BO received under the Project will be transferred to public sector dairies at pre-determined prices which were at the level of Rs. 4350 per MT for SMP and Rs. 9670 per MT for Butter Oil. In order that the comparatively cheaper price of donated SMP and BO should not act as an incentive to the public sector dairies to use SMP and BO at the expense of the rurally produced milk, the prices of SMP and BO were, on the Corporation's suggestion, raised to Rs. 6500 MT and Rs. 10,000 MT for BO from January 1974. The Committee are informed that second proposal of the Corporation in May 1974 to further increase the prices was examined by the Ministry from all angles and it has been decided not to accept it. They need hardly stress that while fixing the transfer

value of SMP and BO received under the project the Ministry should be guided by the aim underlying the "Operation Flood" of ensuring development and growth of dairy industry in India so as to attain self-reliance and should also keep in mind the twin objective of giving remunerative price of milk to producers and keeping the sale price of milk within the reach of common man.

Reply of Government

Noted for guidance.

[Ministry of Agriculture and Irrigation (Deptt. of Agriculture),
O.M. No. 22-34/75-LDI, dated 3-4-1976]

Recommendation (Sl. No. 71, Paragraph No. 10.9)

The Committee note that the Indian Dairy Corporation has so far been able to generate surpluses to the extent of Rs. 2.95 crores from 1970-71 to 1974-75. The bulk of the surplus is reported to be on account of interest received and receivable. The Committee also note that the disbursement for operation flood exceeded the generation of funds by transfer of WFP commodities and funds had to be borrowed against the cash credit limits with the State Bank of India and the Bank of Baroda. The Committee also note from the Annual Report of the Corporation for 1974-75 that in the case of WFP commodities, the funds received were inadequate with the result that disbursement from the "Operation Flood" schemes had to be cut down for making payments and this had a dampening effect on the operation flood schemes. The Committee have already given their recommendations in regard to the generation of funds and allotment of funds to the Corporation in earlier chapters of the Report.

The Committee find that funds are disbursed to the States for different 'Action Items' on the basis of project estimates, scrutinised by the NDDDB and approved by the Board. Depending on the ways and means position and the progress in the utilisation of funds already released, further funds are sanctioned to the States within the ceiling approved by the Board. To ensure that the funds disbursed by the Corporation to the implementing agencies are utilised for the purpose for which they have been given, the Corporation gets utilisation reports monthly and quarterly in prescribed proforma along with progress reports of work done. The Committee are informed that while some of the States were regular in submission of the reports, there had been defaults in submission

of the reports by a few States and disbursements were held up for want of such reports. The Committee would like that a system be introduced by which the implementing States may be required to submit monthly/quarterly reports of utilisation along with the reports of work done on prescribed dates so that the Corporation may be in a position to ensure utilisation of funds for the purposes for which they were given. The Committee would also like Government to advise the States of the necessity of sending such periodical returns at prescribed intervals and in prescribed pro-formae so that a review of the performance both financial and physical can be made on a uniform basis.

Reply of Government

Monthly/Quarterly reports of utilisation of WFP commodities alongwith reports of work done have been insisted upon from all the States and implementing agencies. These reports are now being received regularly and necessary review/evaluation is conducted.

[Ministry of Agriculture and Irrigation (Deptt. of Agriculture),
O.M. No. 22-34/75-LDI, dated 1-11-76]

Recommendation (Sl. No. 72, Paragraph No. 10.10)

The Committee find that the Corporation is already initiating action to introduce "performance audit" of the implementing agencies with regard to utilisation of funds disbursed under the Operation Flood and the IDC teams are visiting Gujarat, Tamil Nadu, Maharashtra, for the purpose.

The Committee would like to know the significant points which are brought to notice as a result of the performance audit and the follow-up action taken thereon.

Reply of Government

IDC's Appraisal and Audit Teams have visited certain States. Significant points from the reports of these teams are summarised in Appendix I.

[Ministry of Agriculture and Irrigation (Deptt. of Agriculture),
O.M. No. 22-34/75-LDI dated 1st Nov., 1976]

Further Information called for by the Committee

Brief subject: *Financial Matters*

It was stated that "IDC's Appraisal and Audit Teams have visited certain States. Significant points from the reports of these teams are sammarised in Appendix VI". Please state whether the

follow up action on the several irregularities/defects pointed out by the Appraisal and Audit Teams, has been taken. Have these been brought to the notice of the Board of Directors of IDC and if so, what directions have been given by the Board?

Have the various issues been brought to the notice of respective State Governments. If so, what were their reactions? Please give details of each item.

[LSS O.M. No. 19-PU/76, dated 6th Dec., 1976]

Further reply of Government

Various points brought out by the Appraisal and Audit Teams were communicated to the State Governments and implementing agencies and are being followed up. These points were brought to the notice of the Board of Directors of IDC who directed that necessary follow up action should be taken to rectify various shortcomings. The present position in respect of points raised by the Appraisal and Audit Teams is indicated below:

1. Tamil Nadu:

After sustained efforts, the Tamil Nadu Government agreed recently in a meeting to let the Erode Milk Union own and run the proposed dairy and cattle feed plant. Further details have been called for in respect of expenditure incurred and programmes undertaken under Action Items 7 and 8. The programmes under these Action Items were reviewed by the sub-committee of the Board of Directors, which visited Tamil Nadu in the 1st week of November, 1976. Tamil Nadu Government has since agreed to increase the grant portion of assistance to Erode Union from 25 per cent to 30 per cent.

2. Gujarat:

Further utilisation reports have been received from District Unions. Regarding 1 per cent of assistance retained by the Operation Flood Cell of the Directorate of Animal Husbandry, the matter is under correspondence with the State Government.

3. Bharatiya Agro Industries Foundation:

Utilisation report for the entire amount of Rs. 40 lakhs has since been received. The sub-committee of the Board of Directors, which visited BAIF in September, 1976, noticed considerable improvement.

4. Jalgaon Jilba Sahakari Dudh Vikas Federation:

Comments of the Government of Maharashtra and the Federation on the report of the team are awaited. However there has been some improvement. The Federation has since appointed a General Manager and some other staff. A seeding programme for sale of cattle feed has been taken up. Artificial Insemination work also has been accelerated.

5. Pradeshik Cooperative Dairy Federation, U.P.:

Reply of the PCDF/UP Government is awaited. They have been reminded on 6th December, 1976 through a letter indicating all the points.

6. Bull Mother Farm with Literacy House, Lucknow:

Reply to the report is awaited. However, in the mean time an improvement has been observed in fodder production and the management of the farm.

7. Rajasthan:

Reply to the report from the Rajasthan Government/Rajasthan State Dairy Development Corporation is awaited. All the major issues have been once again taken up with the Bikaner Union/Dairy Development Department vide a letter dated 6th December, 1976.

8. Punjab:

All the points were taken up with the Punjab Dairy Development Corporation vide IDC's letter of 27th July, 1976 and subsequent discussion with the Punjab Government/PDDC officials on 6th August, 1976. Procurement and Input Wing for Bhatinda milk-shed has been appointed and the NDDB Spearhead Team has been deputed.

9. Haryana:

Reply of the Haryana Government/Haryana Dairy Development Corporation is awaited. A detailed letter has been sent to the respective milk unions. Haryana Government and HDDC on 8th December, 1976 covering all the points.

10. Bull Mother Farm with IDL Chemicals, Hyderabad

Reply to the report which was sent only recently is awaited. However improvement has been noticed in utilisation of

semen and fodder production. Also measures have been taken against occurrence of contagious diseases, which were prevalent in the farm.

11. *Andhra Pradesh:*

Procurement and Input Wing for Guntur milkshed has been appointed and NDDB Spearhead Team is likely to start working shortly. The report of the team has been sent recently and reply of Andhra Pradesh Government/ Andhra Pradesh Dairy Development Corporation is awaited.

12. *West Bengal:*

These points have been discussed further with the West Bengal Government and certain assurances have been received. Milk collection by Matigara dairy in Darjeeling milkshed has improved slightly. Funds for expanding Beldanga milk chilling station have been advanced to enable Bhagirathi milk union to cope with increased milk collection.

[Ministry of Agriculture and Irrigation (Deptt. of Agriculture),
O.M. No 23—34/75-LD-I dated 29th January, 1977]

Further Information called for by the Committee

Latest progress regarding points raised by the Appraisal and Audit Teams in respect of various States—Tamil Nadu, Gujarat, Rajasthan, etc.

[LSS O.M. No. 19-PU/76, dated 24th December, 1977]

Further reply of Government

The latest position regarding the points raised by the IDC's audit teams in respect of operation flood project in the various States is given below:

Tamil Nadu:

The TNDDC has agreed to arrange construction of the feeder balancing dairy and the cattle feed plant at Erode through the Erode Cooperative Milk Producers Union Ltd. The land for the above has already been acquired. In addition to the two unions at Erode and Coimbatore, which have been already registered the TNDDC has agreed to register unions in all other milksheds, except Madurai. The TNDDC has now agreed to meet from sources other than Operation Flood, the items of expenditure not covered by the approved programme. In some cases TNDDC has requested IDC to amend the programmes, which is under consideration.

Gujarat:

Reports on the utilization of funds are being received from the milk unions. Regarding retention of 1 per cent of the assistance to meet expenditure of the operation Flood Cell, the matter is still under correspondence with the State Government.

Rajasthan:

Some improvements have been reported after the audit team's visit to Bikaner. The P&I Wing of the Bikaner Union has so far organised 233 functional societies. They have already taken up Artificial Insemination and Animal Health Cover Programmes. A fact finding team of the IDC want to study the progress of milk procurement and technical input programmes in Bikaner milkshed. The team's report with the recommendations has been sent to Rajasthan Government and the Bikaner Union on 2nd December, 1977.

Punjab:

The PDDC has yet to furnish replies to some of the comments of the audit team. The matter has been raised with PDDC and Punjab Government. Recently the Government of Punjab has modified the State Cooperative Act with a view to amend the co-operative bye-laws to conform to the Anand Model. Further the State Government has agreed to implement the programmes in Ludhiana and Ropar milksheds also on Anand Pattern. Progress has been made in Bhatinda milk-shed where an NDDB spearhead Team is operating. Except field A I Services most of the components of the Technical Input programmes are being implemented in Bhatinda milkshed in right earnest. Much improvement has been noticed in the performance of the bull mother farm.

Maharashtra:

Considerable improvements in organisation of societies have been brought about in Jalgaon district. Most of the components of the technical input programmes are being implemented by the Jalgaon Federation.

The project established with the Bharatiya-Agro Industries Foundation continues to show progress.

Uttar Pradesh:

(i) *The Pradeshik Co-operative Dairy Federation, Lucknow:*

Not much improvement has been effected in the field of milk procurement and technical input programmes in any of the milksheds after the audit team's visit.

The PCDF has now agreed to take up the programmes in right earnest. The trained P & I Wings are in position in Meerut and Varanasi milksheds. It is expected that the NDDB Spearhead Team will initiate work soon in both the milksheds. The performance of the bull mother farm, Rae Bareilly is much better.

(ii) *Bull Mother Farm, Literacy House, Lucknow:*

The Literacy House, Lucknow, has replied to the audit queries. Suggestions for further improvement were communicated to them.

Haryana:

The HDDCF has appointed and trained two batches of P&I Wing staff, one for Rohtak and the other for Gurgaon. These terms are now in position. The NDDB Spearhead team is also working in Rohtak milkshed. Except A.I. Services, all the components of the technical inputs are now being implemented in Rohtak milkshed. Meanwhile another audit team from the IDC visited Haryana Government/HDDCF on 4th November, 1977. Replies to the above are awaited.

Andhra Pradesh

(i) *Andhra Pradesh Dairy Development Corporation Limited:*

Reply to the audit queries from the Andhra Pradesh Dairy Development Corporation, has been received recently and is under scrutiny.

(ii) *Bull Mother Farm, IDL, Chemicals, Hyderabad:*

Replies have been received from the IDL Chemicals, Hyderabad on the points related to the bull mother farm. Based on these, further suggestions for improvement have been made to them.

West Bengal:

An audit and appraisal team visited West Bengal recently. Progress has been noticed in the areas of milk procurement and technical inputs in Darjeeling milkshed, in the case of Mursidabad board milkshed, the milk procurement is still small. The Union faces tough competition from private milk traders. In addition the Union is unable to expand the milk procurement programmes mainly due to limited facilities for milk chilling and processing in the absence of the dairy which is yet to be established by the Project Cell of West Bengal Government.

This reply actually relates to Recommendation No. 72 (para 10) and not Recommendation No. 57 (para 6.21) which deals with some other point.

[Ministry of Agriculture and Irrigation (Deptt. of Agriculture)
O.M. No. 29-3/77-DP, dated 22-2-1978]

Recommendation (Sl. No. 73, Paragraph 10.11)

The Committee have elsewhere in the Report given their observations on the information system which is being built up by the I.D.C. They have no doubt that the information system devised would be such as to take care of the true state of finance of the unit in order to aid the management with factual information for the best deployment of financial resources to achieve the objective.

Reply of Government

Noted for guidance by IDC.

[Ministry of Agriculture and Irrigation (Deptt. of Agriculture)
O.M. No. 22-34/75-LD. I, dated 1-11-1976]

Recommendation (Sl. No. 74, Paragraph 10.12)

Internal Audit Cells may also be established in the large field units and in Corporation, so that these can bring to notice any serious irregularities requiring immediate remedial action and thus help in affecting savings by cutting out waste and infructuous expenditure. The Committee would like to be informed of the concrete measures taken by the Corporation in this behalf.

Reply of Government

An Internal Audit Cell is already functioning in IDC. This Cell conducts test audit of payment vouchers and various registers and records. IDC has no large field units. It has four regional offices with a small staff strength which do not warrant setting up of separate internal audit cells. These are visited by Internal Audit staff from Head Office.

[Ministry of Agriculture and Irrigation (Deptt. of Agriculture)
O.M. No. 22-34/75-LD.I, dated 1-11-1976]

CHAPTER III

RECOMMENDATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF GOVERNMENT REPLIES

Recommendation (Sl. No. 30. Paragraph 3.117)

The Committee hope that the Corporation has taken all possible steps to synchronise the development of milk producers cooperatives and the unions with the commissioning of the feeder-balancing dairies in all the milk sheds so as to ensure that the feeder-balancing dairies can become viable.

Reply of Government

Synchronisation of the construction of feeder/balancing dairy and the organisation by Milk Producers' Cooperative is hardly possible unless the States are enthusiastic about the cooperative structures.

[Ministry of Agriculture and Irrigation (Deptt. of Agriculture)
O.M. No. 22—34/75-LDI dated 3-11-1978]

Recommendation No. 57 (Paragraph 6.21)

The Committee would like the Corporation/Government to consider the feasibility of extending the concept of Mother Dairies with the necessary infrastructure to other large cities in due course so that the gains of "White revolution" are spread to the people living in large cities all over the country.

Reply of Government

There is no specific proposal to extend the concept of Mother Dairies to other large cities at this stage. However, there is a proposal to extend the concept of dairy development of Indian Dairy Corporation in the States of Assam, Meghalaya, Sikkim, Orissa, Kerala, Himachal Pradesh and Jammu & Kashmir.

[Ministry of Agriculture and Irrigation (Deptt. of Agriculture)
O.M. No. 22-34/75-LDI dated 20-1-77]

Further Information called for by the Committee

It was stated that there is a proposal to extend the concept of dairy development of IDC in the States of Assam, Meghalaya,

Sikkim, Orissa, Kerala, Himachal Pradesh and Jammu & Kashmir. Please state the latest position in the matter.

[LSS O.M. No. 19-PU/76 dated 24-12-1977]

Further Reply of Government

The Fifth Five Year Plan's schemes for dairy development and milk marketing have been approved in principle by the Planning Commission for the seven states viz. Assam, Meghalaya, Sikkim, Orissa, Kerala, Jammu and Kashmir and Himachal Pradesh. The Sikkim dairy project was sanctioned in March, 1977 and a sum of Rs. 10 lakhs was released to the Government of Sikkim directly. It is now proposed to release funds directly to the concerned State Govt.

[Ministry of Agriculture and Irrigation (Deptt. of Agriculture)
O.M. No. 29-3/77-DP, dated 22-2-1978]

Recommendation (Sl. No. 69, Paragraph 9.23)

The Committee are informed that in order to develop a stable modern dairy industry, it is necessary for the organised sector or capture commanding share of milk markets in the four major cities. The marketing of milk, it is stated, suffers from the lack of proper pricing policy for producers and consumers, imbalances in production from season to season and in milk availability from region to region. Though the IDC has arranged studies to monitor the progress made by the modern dairies and provide information for formulating new projects and has also advised the States to lay emphasis on marketing activities since larger quantities of milk will now be available for sale, the Corporation has not so far undertaken any market research.

The Committee feel that there is an imperative need for market research to be conducted at all India level in regard to the extent and nature of demand of milk and milk products in the various regions during different periods of the year ascertain the prices prevailing in these areas and feed back the information to the production centres so that the producers can adjust their operations to suit the needs of consumption centres. They would like the Corporation to draw out a perspective plan for the conversion of surplus milk in flush season into SMP and BO for use in lean season in the deficit regions so as to place the dairy industry in surplus regions on a stable footing. As regards regional imbalances the Committee have given their observations in Chapter regarding National Milk Grid. The Committee would like the Government to persuade the State Governments to assist in the completion of modern dairies according to plan of operation of "Operation Flood" to enable public sector obtain a commanding share of milk market.

Reply by Government

Noted for compliance. Whenever necessary this Ministry persuades the State Governments for completing the project expeditiously.

[Ministry of Agriculture & Irrigation, Deptt. of Agriculture,
O.M. No. 22—34/75-LDI dated 1-11-1976]

Further Information called for by the Committee

Brief subject: *Marketing*

- (i) It was recommended by the C.P.U. that the IDC should draw out a perspective plan for the conversation of surplus milk in flush season into SMP and BO for use in lean season in the deficit regions. What action has been taken by the Corporation in this regard?
- (ii) Please indicate the names of the State Governments to which the Ministry have persuaded and the results thereof. Please furnish the copies of such letters written by the Ministry in this regard?

[LSS O.M. No. 19-PU/76 dated 6-12-76]

Further Reply of Government

(i) and (ii) A perspective plan for conversion of surplus milk available during the flush season into SMP and BO for use during the lean season and in the deficit areas can be prepared only after the pricing policies and future requirements are indicated by the State Governments. This can be done properly after an all India Grid is evolved. As stated in our reply to Sr. No. 14(5.13), it is rather premature at this stage to draw up the scheme for National Milk Grid and the reasons for this have been explained therein. However, IDC on the basis of the requirement for skim milk powder furnished by the Ministry of Agriculture and Irrigation, CCI&E. and DGTD, assesses the total requirement of SMP and recommends to the Ministry of Agriculture, well ahead of the flush season, the quantity of SMP to be procured indigenously. This would help feeder/balancing dairies themselves to plan the quantity of milk they should conserve for the purpose. It is thus hardly necessary for the Ministry to take up the matter with the individual states at this stage.

[Ministry of Agriculture and Irrigation (Deptt. of Agriculture)
O.M. No. 22—34/75-LDI dated 29-1-1977]

CHAPTER IV

RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

Recommendation (S. No. 14, Paragraphs 3.46 & 3.47)

The Committee are informed that a proposal for setting up a subsidiary of IDC to run the New Dairy (Delhi) has been submitted to the Government, but no decision has been taken in the matter so far.

The Committee regret that the decision as to which agency will ultimately run the New Dairy (Delhi) was not taken before the construction of the Dairy started so that the agency could have been associated with the Dairy right from the construction stage and made all arrangements to organise the retail sale of milk and finalise other arrangements well in time or at least before it was commissioned. It is all the more regrettable that the decision has not been taken even after one year of the commissioning of the Dairy.

The Committee need hardly point that now when there are two public sector dairies in Delhi, Government will have to take steps to avoid duplication of efforts and overlapping of functions, arrange judicious location of booths in all parts of the city and ensure equitable distribution of milk among all sections of people. They are of the opinion that one integrated organisation to manage and control the affairs of both the DMS and the Delhi Mother Dairy will not only go a long way in achieving these objective, but also make it possible for the Management to keep the overheads on staff and fuel costs on transportation low, guard against unwholesome competition among milk producers and give them a fair deal, achieve economies of scale and pass on the benefits of low costs to the consumers. The Committee stress that Government should not lose any more time in taking a decision on the structure of the integrated agency to run the two dairies in the larger interests of the consumers and producers. If, however, the two dairies have to remain as separate units for some time till the organisational structure of one integrated agency is finalised, the Committee would like the Government to make a some suitable functional arrangements to

bring together the heads of two dairies so as to ensure coordination in their activities and integration in their planning during the interim period.

Reply of Government

The proposal for determining the agency which would run the second dairy plant in Delhi has been under consideration since 1973. A draft Cabinet note examining the various alternatives and proposal for formation of a subsidy company under IDC was prepared and circulated to Finance, Law, Planning Commission etc. in May, 1973. Since then various aspects of the proposal have been under consideration at various levels in different concerned Ministries, Planning Commission etc.

The Mother Dairy in Delhi has been set up by IDC under W. P. 618 "Operation Flood". The original proposal was to set up a subsidy of the IDC to run the New Dairy Plant. Thus the association of the IDC was very much there at every stage of the setting up and running of the plant.

Reply of Government

The question of integrating the New Dairy Plant with DMS has been under examination for quite some time. The matter was also discussed with the Planning Commission. It was felt that there were some inherent difficulties in entrusting the operative control of the New Dairy to Delhi Milk Scheme. Over the years, the staff strength of DMS had increased disproportionately. DMS being saddled with many staff and Union problems, it is felt that the New Dairy Plant should be permitted to grow as a healthy commercially managed business unit. The New unit could more easily pursue its own pricing policies without adding to it the losses being suffered by DMS which may continue to be the position for some time even after it becomes a statutory Corporation. The two plants thus remaining in competition are expected to ensure better and more efficient management of both.

A Bill for conversion of DMS into a statutory Corporation has recently been introduced in the Lok Sabha. There is a provision in the Bill that the "Statutory Corporation may take over or assist in the establishment of any project, firm or industry/plant etc. for the production handling and processing of milk and milk products or for manufacture of any milk products. It will also take over and amalgamate with itself, by mutual consent, the whole or any part of the undertaking of any such company, firm or other organisation having objects similar to those of the Corporation". There is, there-

fore, should be decided to do so, no problem in the way of transferring the new unit to the proposed Corporation at a later date. For the present, however, it has been decided that it will be better that for some time to come, we may entrust the management of the New Dairy to an independent Company which will give it the necessary flexibility of management and freedom which will not be available to it if it were to be subsidiary of DMS. We have, however, ensured that there is proper and requisite coordinating mechanism in respect of the two dairies. This coordination has been ensured by providing linkage between the Board of Directors of these bodies. The Central Government will prescribe requisite guidelines for this purpose. These would cover coordination in respect of the areas of the operation of the two Dairies for procurement of milk, maintenance of parity in price paid for milk procured by two plants in the common milk shed and incentives, if any, for the milk producers' cooperative societies. Similarly, regarding distribution arrangements also, it will be ensured that there is coordination in respect of the areas of operation and the price charged from the consumers.

[Ministry of Agriculture & Irrigation, Deptt. of Agriculture
O.M. No. 29-3/77-DP dated 20-1-77]

Further information called for by the Committee

(i) Have the Government prescribed requisite guidelines to ensure proper coordinating mechanism in respect of both the Mother Dairy of IDC and D. M. S. If so, please furnish a copy thereof?

(ii) What is the latest position in regard to the Bill for conversion of DMS into a statutory corporation?

(iii) Has the Management of the New Dairy been entrusted to an independent Company. If so, when and under whose administrative control this new company will function? Please also give the details regarding constitution of this new Company?

[LSS O.M. No. 19-PU/76, dated 20-5-77]

Further Reply of Government

(i) No formal guidelines have been laid down by the Ministry for ensuring co-ordination between Mother Dairy and D. M. S. However, regular co-ordination meetings are held in the Ministry at which representatives of these two Dairies participate. Matters such as price, procurement, processing and distribution are discussed with a view to evolve a co-ordinated working between the two Dairies.

(ii) Legislation for conversion of D.M.S. has to be introduced afresh in this session of Parliament. This Bill had been introduced

last year in the Lok Sabha but as Parliament was dissolved, fresh introduction is necessary.

(iii) It is proposed to entrust the management of the new Dairy to an independent Company. A Note for the Cabinet is under preparation which will seek approval of Cabinet for formation of a Company to run Mother Dairy and transfer of assets of the Mother Dairy to the same.

[Ministry of Agriculture & Irrigation, Deptt. of Agriculture
O.M. No. 29-3/77-DP dated 29-6-77]

Further (latest) information called for by the Ministry

(i) Has any guidelines for ensuring coordination between Mother Dairy and D.M.S. been laid down by the Ministry. If so, please furnish copy of the same. If not, the reasons therefor?

(ii) Latest position about the legislation for conversion of Delhi Milk Scheme?

(iii) Latest position of the proposal regarding transfer of management of the New Dairy to an Independent Company?

[LSS O.M. No. 19-PU/76, dated 24-12-77]

Further Reply of Government

(i) & (iii) It has been decided that a new Company as subsidiary to the I. D. C. may be set up for the management of Mother Dairy in Delhi. Draft Memorandum of Association and Articles of Association of this proposed subsidiary Company have been prepared and are being finalised. As soon as they are finalised, the subsidiary company will be formally registered and will start functioning. This will be independent of the Delhi Milk Scheme. For purpose of co-ordination between Delhi Milk Scheme and Mother Dairy, Delhi the General Manager of the Mother Dairy has been appointed as a member of the governing body of the Delhi Milk Scheme and likewise, the proposal for association of the Chairman, D.M.S. with the management of new Company is under examination.

(ii) A draft bill for conversion of the D. M. S. into a statutory Corporation is being prepared. Certain objections have been raised to the draft legislation prepared earlier, by the then Chief Minister of Uttar Pradesh and the same are being examined out in consultation with the Ministry of Law. As soon as the decision on these issues is taken, the draft bill for converting the D.M.S. into a statutory Corporation will be referred to the Cabinet for approval before it is introduced in the Parliament.

[Ministry of Agriculture & Irrigation, Deptt. of Agriculture
O.M. No. 29-3/77-DP dated 22-2-78]

Further(latest) information called for by the Committee

It was stated that "a new Company as subsidiary to the I. D. C. may be set up for the management of Mother Dairy in Delhi. Draft Memorandum of Association etc. have been prepared and are being finalised.

(i) Latest position regarding functioning of the Company, relevant details of the Company may also be furnished.

(ii) Latest position about the legislation for conversion of D. M. S. When it is likely to be introduced in Parliament?

[LSS O.M. No. 19-PU/76, dated 29-9-78]

Further Reply of Government

(i) The question of setting up of a separate company for the management of Mother Dairy in Delhi has been examined and it has been decided to process the formation of an independent Company for the Management of Mother Dairy in Delhi. Draft Memorandum of Association etc. of this company has been prepared and is being sent to other concerned Ministries for their views before it is put up to the Cabinet for approval.

(ii) Draft legislation for conversion of DMS into a Statutory Corporation is being finalised in consultation with the Ministries concerned. Efforts are being made to introduce it in the next Session of the Parliament or in the Budget Session.

[Ministry of Agriculture & Irrigation, Deptt. of Agriculture
O.M. No. 29-3/77-DP. Vol. II, dated 22-11-1978]

Further (latest) information called for by the Committee

It was stated (November, 1978) that the Cabinet approval for entrusting the management of Mother Dairy in Delhi to an independent company was being sought. What is the latest position? What progress has been made in conversion of DMS into a Statutory Corporation?

[LSS O.M. No. 19-PU/76, dated 3-9-1980]

Further Reply of Government

The proposal regarding the formation of an independent Government company for taking over the management of Mother Dairy in Delhi is being processed. The comments of various Departments which have been received, have been examined and the Draft Cabinet Note is being further processed.

Certain observations relating to the legal status of Mother Dairy raised by Ministry of Law are being examined. Thereafter, a final decision will be taken regarding the necessity of entrusting the management of Mother Dairy to an independent company.

Regarding conversion of DMS into a statutory corporation, a draft Cabinet Note was prepared and view-points of various Departments like the Ministry of Finance, Bureau of Public Enterprises, Ministry of Law were ascertained and taking into consideration suggestions made, the draft Cabinet Note was amended, and has been submitted to higher authorities within the Ministry.*

[Ministry of Agriculture & Co-Operation (Deptt. of Agriculture) O.M. No. 29-17/80-DP, dated 6-10-1980]

Comments of the Committee

(Please see paragraph 11 of Chapter I of the Report)

Recommendation Nos. 51 and 52, Paragraphs 4.17 and 4.18

4.17. The Committee note that under the agreement with UNICEF, Government have sanctioned "Special Nutrition Programme" under which double toned milk is distributed to pre-school children at 8 ozs. per day per child free of charge. The scheme has so far been introduced in Bombay, Calcutta, Delhi, Madras, Ahmedabad, Baroda and Surat in which over 1½ lakh children are given milk under the programme. The Committee are not happy at the slow progress of the programme which has so far been introduced only in 7 cities whereas it was contemplated to be introduced in 20 cities. They would like the Government to identify other places for being brought under this programme and extend this programme to those places expeditiously. They feel that the Government need not confine this programme only to the big cities as has been done so far.

4.18. According to the Ministry, the extension of this programme and to place it on a permanent footing would depend largely on the extent to which financial resources can be found by the State Governments to meet the difference between the cost of production and the sale price of double toned milk. The matter is stated to be under

At the time of factual verification of the Draft Report, Ministry of Agriculture intimated on 19-3-81 that in regard to the Delhi Milk Scheme, a final decision has since been taken not to pursue the proposal for setting up a Statutory Corporation but a final decision on the question of setting up a separate company for taking over the management of the Mother Dairy has not yet been taken.

[Ministry of Agriculture, Deptt. of Agriculture and Co-operation O.M. No. 29-7/81-DP, dated 19-3-81]

consideration. The Committee feel that having started this programme of supplying milk to vulnerable groups free of charges it will be disappointing if it is curtailed or terminated on the ground of lack of resources. They would stress that Government should, in consultation with the States, make all out efforts to find ways and means of not only continuing this wholesome programme but also extending it to other areas in the interest of really needy and deserving members of vulnerable sections of society.

The Committee would also like Government to ensure that any use of milk in social welfare scheme should be such as not to result in a loss to the milk plants.

Reply of Government

The entire matter including the aspect with regard to extension of the **Special Nutrition Programme** is under examination.

[Ministry of Agriculture & Irrigation (Deptt. of Agriculture)
O.M. No. 22-34/75-LDI, dated 20-1-77]

Further Information called for by the Committee

It was stated that the entire matter including the aspect with regard to extension of the **Special Nutrition Programme** is under examination". Please state the latest position in the matter?

[LSS O.M. No. 19-PU/76 dated 20-5-77]

Further Reply of Government

The matter is still under examination in consultation with the Department of Social Welfare.

[Ministry of Agriculture & Irrigation (Deptt. of Agriculture)
O.M. No. 29-3/77-DP dated 4-6-77]

Further (latest) information called for by the Committee

Latest position regarding extension of the **Special Nutrition Programme** which was stated to be under examination in consultation with the Department of Social Welfare?

[LSS O.M. No. 19-PU/76 dated 24-12-77]

Further Reply of Government

The Government have since approved continuation of special Nutrition Programme till March, 1978.

[Ministry of Agriculture & Irrigation (Deptt. of Agriculture)
O.M. No. 29-3/77-DP, dated 22-2-78]

Further (latest) information called for by the Committee

It was stated that "the Government have since approved continuation of special nutrition programme till March, 1978.

What is the latest position?

[LSS O.M. No. 19-PU/76 dated 29-9-78]

Further Reply of Government

Continuance of special Nutrition programmes has since been approved upto March, 1979.

[Ministry of Agriculture & Irrigation (Deptt. of Agriculture)
O.M. No. 29-3/77-DP Vol. II dated 22-11-78]

Further (latest) Information called for the Committee

In their last reply (Nov. 1978) Govt. had stated that the special nutrition programme would be continued upto March, 1979. Was it continued beyond March, 1979 and if so far what period? What are the cities in which this programme is in operation.

[LSS O.M. No. 19-PU/76 dated 3-9-80]

Further (latest) information called for by the Committee

The special nutrition programme was extended from March, 79 to August, 80. This programme was in operation in Delhi and Calcutta.*

[Ministry of Agriculture & Co-operation (Deptt. of Agriculture)
O.M. No. 29-17/80-DP, dated 6-10-80]

Comments of the Committee

(Please see paragraph 14 of Chapter I of the Report)

*At the time of factual verification of the Draft Report, Ministry of Agriculture intimated on 19-3-81 that "the implementation of the programme has so far been hampered by inadequate response from the State Governments. With a view to expediting implementation of the project the matter has been taken up again with the Ministry of Social Welfare."

[Ministry of Agriculture, Deptt. of Agriculture and Co-operation O.M. No. 29-7/81-DP, dated 19-3-81]

CHAPTER V

RECOMMENDATIONS OF WHICH FINAL REPLIES OF GOVERNMENT ARE STILL AWAITED

Recommendation (Sl. Nos. 75 and 76 Paragraphs 11.16 to 11.18)

The Committee note that the NDDB is technical consultant to the IDC and *inter alia*, offers technical advice on all the projects included in "Operation Flood". The Committee are informed that for ensuring a close and meaningful relationship, the IDC and NDDB have a common Chairman and some common members on the Board of Directors/Executive Committee. The Ministry have stated that the question of merger of the two organisations has not been considered by the Government so far. The Committee agree with the IDC that "in the long run it would be beneficial to bring about merger of the two organisations so that the NDDB can become the research and development wing of the merged organisation. The merger should be in such a way that activities of NDDB do not get inhibited due to procedural difficulties".

The Committee would like the Ministry to review the composition of the Board of Directors of the Corporation in consultation with the IDC and determine whether and if so, how it should be strengthened and broad-based with a view to ensure accelerated implementation of the Project "Operation Flood" and other projects which are proposed to be assignee to the Corporation during the Fifth Five Year Plan. They need hardly stress that the Board should be a compact and balanced body of small size so as to be able to function effectively and efficiently like a team.

The Committee also recommend that the IDC should continue to keep close liaison with ICAR and also with National Dairy Research Institutes in the larger interest of integrated development of the dairy industry and animal husbandry in the country.

Reply of the Government

The National Commission on Agriculture in their report has also recommended for the merger of National Dairy Development Board and the Indian Dairy Corporation. The question of merger is being examined in this Ministry. The review of the composition of the

Board of Directors of the Corporation will be taken up after the question of merger of the two bodies, has been decided.

IDC has been advised to maintain continued liaison with ICAR and NDRI on basis desired by the Committee.

[Ministry of Agriculture & Irrigation, Deptt. of Agriculture,
O.M. No. 29-3/77-DP, dated 4-6-77]

Recommendation (Sl. No. 76, Paragraph 11.18)

The Committee also recommend that the IDC should continue to keep close liaison with ICAR and also with National Dairy Research Institutes in the larger interest of integrated development of the Dairy industry and animal husbandry in the country.

Reply by Government (Department of Agriculture)

Noted by Indian Dairy Corporation for compliance.

[Ministry of Agriculture & Irrigation, Deptt. of Agriculture,
O.M. No. 22-34/75-LDI dt. 20-1-77]

Further Information called for by the Committee

It was stated by the Ministry that "the National Commission on Agriculture in their report has also recommended for the merger of N.D.D.B. and I.D.C. The question of merger is being examined in the Ministry...." Please state the latest position in the matter?

[LSS O.M. No. 19-PU/76, dated 24-12-1977]

Further Reply of Government

Government of India have since reconstituted the Board of Directors of Indian Dairy Corporation and now it consists of all the Members of the National Dairy Development Board. This is intended to ensure better coordination between the I.D.C. and the N.D.D.B.

[Ministry of Agriculture and Irrigation, Deptt. of Agriculture,
O.M. No. 29-3/77-DP, dated 22-2-1978]

Further (latest) information called for by the Committee

It was stated in an interim reply (20-1-77) that as recommended by the National Commission on Agriculture the question of merger of NDDB and IDC was being examined by the Ministry. Please state the latest position?

[LSS O.M. No. 19-PU/76, dated 3-9-1980]

[LSS O.M. No. 19-PU/76, dated 3-9-1980]

Further Reply of Government

The question of the manner by which merger on the National Dairy Development Board with the Indian Dairy Corporation can be brought about without undermining the autonomy of NDDB is still under examination.

[Ministry of Agriculture & Co-operation (Deptt. of Agriculture)
O.M. No. 29-17/80-DP, dated 6-10-1980]

Comments of the Committee

(Please *see* paragraph 17 of Chapter I of the Report).

NEW DELHI;

March 20, 1981

Phaguna 29, 1902 (*Saka*).

BANSI LAL,

Chairman,

Committee on Public Undertakings.

APPENDIX I

(Vide reply to recommendations at S. No. 72)

SUMMARY OF SIGNIFICANT POINTS FROM THE REPORTS OF APPRAISAL & AUDIT TEAMS.

(1) *Tamil Nadu—Visit to Tamil Nadu Dairy Development Corporation (TNDDC) at Madras on the 3rd and 4th October, 1975*

Cooperative societies except in Erode milkshed are not as per model bye-laws. The District Unions had not been organised and all the activities are managed direct by the TNDDC.

Recurring expenditure on Action Item 7 programmes, particularly on establishment and transport, was disproportionately high, when judged with reference to achievements. The receipts have been much lesser as compared to the targets. Departure was made from the approved programme as cash subsidies were given in place of balanced cattle feed, fodder seeds, fertilisers, pesticides, etc. Similar was the position in respect of Action Item 8.

Expenditure against Action Item 1 included about Rs. 3.67 lakhs spent on unapproved items. Assistance given by the Corporation to TNDDC as 30 per cent grant and 70 per cent loan was released to the Voimbatore Union as 25 per cent grant and 75 per cent loan, thereby depriving the Union to the extent of 5 per cent of the total assistance as grant.

(2) *Gujarat Government—Visit to Secretariat and Directorate of Animal Husbandry on 9-10-1975*

1 per cent of the assistance released by the Corporation was utilised for meeting expenditure on Operation Flood Cell in the Directorate, by retention from the grant portion before the amounts were passed on to the District Unions. Complete account of the amounts so deducted and their utilisation was not submitted. Utilisation reports for an aggregate of Rs. 44 lakhs were awaited from the District Unions.

(3) *Bharatiya Agro Industries Foundation (BAIF), Poona—Visits on 18th to 20th September 1975 and 17th and 18th May, 1976.*

There was inordinate delay in utilisation of assistance released by the Corporation. Maintenance of animals in the Bull Mother Farm was not satisfactory, but later improvements were noticed. Utilisation of semen was much on the lower side but action was in hand to improve the position.

Out of total Rs. 40 lakhs released, only less than half of the amount was utilised strictly as per approved project. BAIF was planning to propose modifications in the project and re-allocation of funds between various items.

(4) *Jalgaon Jilha Sahakari Dudh Vikas Federation, Jalgaon—Visits on 16th and 17th January, 1976 and 19th May 1976 to Jalgaon*

Activities of the Federation were on Anand pattern and procurement of milk was satisfactory. Some of the senior positions in the Dairy had not been filled and on the whole the Dairy did not give a tidy appearance. Appointment of General Manager and some technical staff of the Animal Husbandry and Procurement Wing was stated to be under finalisation. Appointment of a Finance Manager to look-after finance, accounts, taxation, etc. was suggested.

Implementation of AI programmes, including lay inseminators' training programme needed to be accelerated. The need for stepping up sale and utilisation of cattle feed as a seeding programme for marketing of cattle feed was pointed out. Construction of Animal Husbandry and Veterinary headquarters and Sperm Station was expected to start shortly.

(5) *Pradeshik Cooperative Dairy Federation (PCDF), UP—Visits on 16th and 17th January 1976 to Lucknow*

The coverage by the mobile veterinary units in Meerut and Varanasi milk sheds was inadequate. The AI programmes were yet to be started. Expenditure under Action Item 7 programmes was disproportionately high, particularly on pay and allowances of the staff. Expenditure on feedings of stud bulls was on the high side. The collection of milk was on the lower side, particularly in Varanasi milkshed. There are a large number of village societies but they are not as per model by-laws. District Cooperative Unions were yet to be organised in Meerut and Varanasi.

Expenditure on the Bull Mother Farm at Rae Bareli was disproportionately high. There was delay in disposal of bull calves.

(6) *Bull Mother Farm with Literacy House, Lucknow—Visit on 17th January 1976*

The performance of the herd was very poor in respect of total milk collection. The quality and quantity of fodder supplied to animals needed improvement. The semen collection from bulls was under-utilised. There was little impact of the farm on the neighbouring villages.

The team noted that there had been some improvements and further steps were being taken in right direction.

(7) *Rajasthan—Visits to Jaipur and Bikaner from 17th to 20th March, 1976*

Implementation of Operation Flood programme is split between Directorate of Dairy Development and Rajasthan State Dairy Corporation which is not a satisfactory arrangement. Progress in Bikaner milkshed was particularly poor. The milk producers' union in Bikaner was ill-organised and ineffective and the Directorate of Dairy Development was not able to provide timely help and guidance. Bikaner had only one mobile veterinary unit covering too large number of villages. AI programme was not started. Balanced cattle feed was sold at Rs. 90/- per quintal, which is too high a price.

Input programmes in Alwar and Bharatpur milksheds were just being started. The Bull Mother Farm at Basai was generally well maintained.

There is a large number of defunct societies at the village level. Model bye-laws have not been followed. The Dist. Cooperative Unions had nominated executives by the District Collectors and there was little representation for farmers and village level societies.

The expenditure on Project Cell included certain unauthorised items and also the expenditure incurred on looking after dairies outside Operation Flood.

(8) *Punjab—Visits to Ludhiana and Chandigarh on 7th and 9th June 1976*

Anand pattern of cooperatives was yet to be implemented in Ludhiana milkshed. The district milk cooperative union was defunct and only a part of the milk was being collected from the village level societies organised on Anand pattern. Some of the village cooperatives visited by the team complained of harassment by the Cooperative Department.

The milk collection during lean season was almost 10 per cent of the flush season collection, as there was no effective participation of farmers in the milk procurement and input programmes. Most of the chilling centres handled a very small quantity of milk

and they were a financial burden. Due to poor collection of milk, the overheads were high. The cattle feed plant at Bhattian was under-utilised and production and marketing of the feed had considerable scope for improvement.

Daily milking average and number of farm born animals in the Bull Mother Farm at Bhattian was not satisfactory. Insemination of heifers was delayed unduly. There was delay in utilisation/disposal of male calves. Utilisation rate of seema from the stud farm was very poor.

The Bhatinda milkshed was earmarked as Operation Flood milkshed, but no action was taken to adopt the Anand pattern. The team was informed in the course of discussion that appointment of Procurement and Input Wing staff was proposed to be finalised shortly and request was being sent to NDDB for deputing a spearhead team.

(9) *Haryana—Visits to Chandigarh, Bhiwani and Rohtak on 8th, 10th and 11th June, 1976*

The district cooperative unions organised at Rohtak and Gurgaon were virtually defunct. The total milk collection during lean season by the Haryana Dairy Development Corporation in the entire state, including non-Operation Flood areas, was 15,000 litres per day and the existing milk plants were under-utilised. Visits to some village cooperative societies in Rohtak indicated that input programmes were not organised satisfactorily and farmer did not have any feeling of participation with the result that most members did not supply milk to the societies during lean season.

There were hardly any arrangements for supply of semen and many cows and buffaloes were empty.

The Bull Mother Farm and Stud Farm at Bhiwani were working efficiently. However, there was under-utilisation of semen produced by bulls at this farm.

It was stated that Haryana Government had accepted as a matter of policy, organisation of milk procurement and input programmes in all districts of Haryana on cooperative pattern and that the activities of Haryana Dairy Development Corporation were to be transferred to a new state level cooperative organisation viz. Haryana Dairy Development Cooperative Federation. However after a review of the activities in the field, it appeared that there was no impact of the cooperatives at the grass-root level.

The account of expenditure furnished by the HDDC included many unauthorised items. A sum of Rs. 9.48 lakhs towards re-

payment of loan instalments and interest to IDC was also included as utilisation of assistance, which is grossly irregular.

Senior officers of the Cooperation and the Government were not available for discussion with the team and the data as asked for by the team was not made available. The team was left with the impression that there was a large potential for development of milk production and marketing and thereby for improving the lot of small farmers, but no effective steps were being taken in that direction.

(10) *Bull Mother Farm with IDL Chemicals, Hyderabad—Visit on 26-9-1976*

The animals in the farm suffered from various infectious diseases, which resulted in high mortality and affected production of milk. Adequate green fodder (legumes) is not being grown on the farm and the same was purchased from outside, resulting in increased expenditure and risk of infection. The herd strength at the farm needs to be augmented to improve its economy. The semen was being supplied to the Animal Husbandry Department and the number of doses used was small.

(11) *Andhra Pradesh—Visits to Hyderabad, Mekarikallu, Guntur and Vijayawada from 26th to 30th September, 1976*

The Andhra Pradesh Dairy Development Corporation, which is implementing Operation Flood programmes in Andhra Pradesh is affected badly due to frequent changes at the top. Anand pattern has been accepted in respect of Guntur milkshed only. However a change has been made in model bye-laws, which enables non-producers to become members. The recruitment of staff of the Procurement and Input Wing was in hand and these personnel were expected to be sent to Anand for training shortly. NDDB Spearhead Team was expected to start working in Guntur milkshed as soon as this training would be over. Sangamjagarlamudi Dairy is nearing completion and is likely to be commissioned by the end of this year. The District Union was proposed to be organised after the Spearhead Team organise adequate number of village societies.

Milk procurement during lean season in Vijayawada/Guntur area is about 50,000 litres per day, which is inadequate *vis-a-vis* the large potential in the area. This milk collection is through approx. 1100 centres, most of which are manned by a whole time employee of APDDC. Therefore the overheads are quite high. Cattle feed is being sold through the milk collection centres. Veterinary cover and insemination are provided through ICDP centres. These services appear to be very satisfactory in some of

the centres visited by the team, but the overall figures of inseminations, pregnancies and calves born indicated that the results were far below the expectations.

The Bull Mother Farm at Nekarikallu was in a very unsatisfactory state. The animals were kept initially for about two years at different places with the Animal Husbandry Department and brought to Nekarikallu in 1975. Most of the animals were suffering from infectious diseases and there was high mortality. The reproduction was very badly affected and the number of farm born calves, till date was only 5, which is just a fraction of what could be expected. The land and other facilities at the farm can be developed. To make the farm economic, immediate augmentation of the herd is necessary. APDDC suggested that new animals should be Hobtein Fisian instead of Jerseys, which is the preference of the local people.

(12) Visit of the Sub-Committee of Board of Directors to West Bengal (Darjeeling and Murishidabad milksheds and Haringhata and Calcutta) from 28th June to 4th July, 1976

The Dairy at Matigara in Darjeeling milkshed is manned by the employees of the West Bengal Project Cell placed under the control of the Chief Executive Officer of the Cooperative Milk Union (HIMUL). The Committee agreed with Chairman, HIMUL that HIMUL should be allowed to take over the Matigara Dairy initially on a management basis. The Dairy is collecting 7,000 litres of milk per day out of which 2,000 litres is sold in Siliguri town and the rest is sent to Beldanga for re-chilling and transport to Calcutta Greater Calcutta Milk Supply Scheme (GCMS) is not willing to accept all the milk from HIMUL and Beldanga (Bhagirathi Milk Union). HIMUL has started input programmes in the right manner but much remains to be done. Feeding and management of bulls at the Siliguri Stud Farm needed improvement. The bulls are being high under-utilised and energetic steps are necessary to utilise the bulls fully.

The general conditions and management of the animals at the Bull Mother Farm, Haringhata is satisfactory. However, the farm has no facilities for cultivation of fodder and it is necessary to move the farm out of the Haringhata milk colony to avoid contact with other animals.

The Committee noted that Bhagirathi Milk Union in Beldanga has made alround progress and the milk collection could not be increased beyond the daily level of 13,500 litres as the GCMS has refused to take more than 10,000 litres of milk per day. This was also acting as a disincentive to registration of further societies. It is necessary to expand the Beldanga chilling centre and also to hand over the management of Bathudahari milk chilling centre to the Union. Establishment of chilling centres at Kandi and Lalgola merits consideration. Bhagirathi Union has started mobile veterinary routes and artificial insemination programmes. The Union is also marketing balanced cattle feed and 30 fooder development farms have been established.

GCMS is not able to increase the sale of milk in Calcutta beyond 2,10,000 litres per day, though the capacity of Belgachia Dairy is expanded to 3,50,000 litres and the Mother Dairy with a capacity of 4,00,000 litres is nearing completion. The Committee met the Minister in charge and the Governor and emphasised the paramount need for increasing sales by GCMS.

APPENDIX II

(Vide para 3 of Introduction)

Analysis of action taken by Government on the recommendations contained in the Eighty-Third Report of the Committee on Public Undertakings (Fifth Lok Sabha)

I.	Total number of recommendations made	76
II.	Recommendations that have been accepted by the Government (Vide recommendations at S. Nos. 1-13, 15-29, 31-50, 53-56, 58-68, 70-74)	68
	Percentage to total	89.47%
III.	Recommendations which the Committee do not desire to pursue in view of Government's reply (Vide recommendations) at S. Nos. 30, 57 and 69)	3
	Percentage to total	3.95%
IV.	Recommendations in respect of which replies of Government have not been accepted by the Committee (Vide recommendations) at S. Nos. 14, 51 and 52)	3
	Percentage to total	3.95%
V.	Recommendations in respect of which final replies of Government are still awaited (Vide recommendations at S. Nos. 75 and 76)	2
	Percentage to total	2.63%