

# HUNDRED AND TWENTY FOURTH REPORT

## PUBLIC ACCOUNTS COMMITTEE (1982-83)

(SEVENTH LOK SABHA)

WORKING OF MILITARY FARMS

MINISTRY OF DEFENCE

[Action taken on 73rd Report (7th Lok Sabha)]



सत्यमेव जयते

*Presented in Lok Sabha on . . . . .*  
*Laid in Rajya Sabha on . . . . .*

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NEW DELHI

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**PUBLIC ACCOUNTS COMMITTEE**

(1982-83)

**CHAIRMAN**

**Shri Satish Agarwal**

**MEMBERS**

*Lok Sabha*

2. Shri Chitta Basu
3. Smt. Vidyavati Chaturvedi
4. Shri C. T. Dhandapani
5. Shri G. L. Dogra
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*Rajya Sabha*

16. Dr. Sankata Prasad
17. Smt. Pratibha Singh
18. Shri Syed Rehmat Ali
19. Shri B. Satyanarayana Reddy
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21. Shri Nirmal Chatterjee
22. Shri A. P. Janardhanam

**SECRETARIAT**

1. Shri T. R. Krishnamachari—*Joint Secretary*
2. Shri K. C. Rastogi—*Chief Financial Committee Officer*
3. Shri K. K. Sharma—*Senior Financial Committee Officer*

## INTRODUCTION

1. The Chairman of the Public Accounts Committee as authorised by the Committee, do present on their behalf this 124th Report on action taken by Government on the recommendations of the Public Accounts Committee contained in their 78th Report (Seventh Lok Sabha) regarding working of military farms.

2. In this Report, the Committee have reiterated that in view of several weighty reasons such as rapid strides made by the country in the field of animal husbandry and dairy development, particularly under Operation Flood I and II, low capacity utilisation in the military farms, unrealistic projection of financial results based on artificially inflated rates of free issues of milk etc. , these farms should be handed over to co-operatives of ex-servicemen on a phased basis. Taking note of Government's decision to appoint a committee of experts to examine the future set up of military farms, the Committee have called upon the Ministry of Defence to refrain from augmenting the cattle strength in the Military farms till Government has taken a final view in the matter.

3. The Report was considered and adopted by the Public Accounts Committee at their sitting held on 3 January, 1983.

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

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

NEW DELHI;

February 3, 1983

Magha 14, 1904 (S)

SATISH AGARWAL

Chairman

Public Accounts Committee.

## CHAPTER I

### REPORT

1.1 This Report of the Committee deals with the action taken by Government on the Committee's recommendations and observations contained in their 78th Report (Seventh Lok Sabha) on paragraph 36 of the Report of the Comptroller and Auditor General of India for the year 1979-80, Union Government (Defence Services) relating to Working of Military Farms.

1.2 The 78th Report which was presented to Lok Sabha on 1 April, 1982 contained 24 recommendations. Action taken notes have been received in respect of all the recommendations/observations and these have been broadly categorised as follows:

- (i) Recommendations and observations that have been accepted by Government:

Sl. Nos. 1—20 and 22—24.

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

NIL

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

NIL

- (iv) Recommendations and observations in respect of which Government have furnished interim replies:

Sl. No. 21.

1.3 The Committee will now deal with action taken by Government on some of their recommendations.

*Future set up of Military Farms (S. Nos. 3—7, 9, 20, 21, Para Nos. 3.61—3.65, 3.67, 3.78 and 3.79)*

1.4 Referring to the significant development in the dairy development sector, the Committee had in para 3.61 of the 78th Report observed:

“Since independence, the country has made rapid strides in the field of animal husbandry and dairy development particularly under Operation Flood I and now Operation Flood II. The Military Farms have no doubt made a significant and pioneering contribution in the matter of introduction of modern cattle management techniques which has also been acknowledged by the National Commission on Agriculture.”

1.5 Drawing attention to the recommendation made by the Study Group appointed by the Ministry of Defence itself regarding closure of 12 cattle holding farms, the Committee had stated:

“The Committee have been given to understand that no new farms have been established since 1947. Non-availability of land is stated to be a serious handicap in the expansion programme. The Study Group, appointed by the Ministry of Defence to suggest ways and means for streamlining the Military Farms set up, in their report submitted in December, 1978 recommended closure of 12 cattle holding farms in the Southern, Western and Central Commands as sufficient milk was available locally. Government have not so far taken a final decision in the matter although they are inclined to accept closure of the cattle sections at Kirkee and Kanpur.”

1.6 In reply, the Ministry of Defence have observed as under:

“The Government has not accepted the recommendations of the 1978 Study Group regarding closure of 12 cattle holding farms in Southern, Western and Central Commands except MF Kirkee and Kanpur.

- (a) MF Kirkee will function as milk processing unit for Military Farms Pimpri and Manjri. The surplus land at this station will be utilised for KLP purposes.
- (b) At Kanpur, only Dairy Section will function and the surplus land under cultivation will be utilised for KLP purposes.”

1.7 Referring to the low utilisation of the capacity in the military farms due to non-availability of any outlet for the surplus milk, the Committee had, in Para 3.63 of the Seventy-Eighth Report, observed as follows:—

“The Committee further observe that against a total capacity of 14,000 heads of cattle available in all the Military Farms, the actual number of cattle presently held is 7592. Thus the capacity utilisation is 52.8 per cent only. It was stated in evidence that the capacity could be stepped up by 20—25 per cent but it had to be deliberately restricted to the level of actual requirements as there was no outlet for the surplus milk. The Committee cannot therefore, escape the conclusion that it is futile to expect economies of scale in the present situation. The Secretary, Ministry of Defence admitted in evidence that a vertically integrated set up like the present one could be hardly cost effective.”

1.8. In their action taken note dated 13 October, 1982, the Ministry of Defence have stated:

“The Government has decided on 24-9-1982 that the

- (a) Cattle strength at these farms should be increased to optimum capacity to meet the garrison requirement of milk throughout the year.
- (b) Surplus milk during flush period will be disposed off at rates to be fixed by local civil authorities.
- (c) Surplus land, if any, will be handed over to Army for KLP (Key Location Plan) purposes.”

1.9. Pointing out to the need for a rethinking with regard to the whole concept of military farms, the Committee had in paras 3.64 and 3.65 of the Report, stated:

“Taking particular note of the developments that have taken place in the milk sector during the last 20 years or so, the Committee are of the view that there is need for a rethinking with regard to the whole concept of military farms. The Committee would, therefore, like the Ministry of Defence to examine seriously the possibility of handing over the military farms organisation to the co-

operatives of ex-servicemen which may be set up on the pattern of Anand Dairy.

A large number of service personnel are drawn from the rural areas. Given their farming background and their experience of disciplined team work in the army, there is every reason to believe that this is an area where their services can be gainfully employed after their release from active service. The Committee, therefore, recommend that necessary details should be worked out without loss of time for implementing the above suggestion on a phased basis. The expert guidance and assistance of the Indian Dairy Corporation may be obtained in organising the cooperatives and making suitable arrangements for supply of milk to the troops. In areas where supply of milk is the responsibility of the Army Service Corps (ASC), the existing arrangements may continue."

1.10. In their action taken reply dated 13 October, 1982 the Ministry of Defence have stated:

"The recommendation of the Committee has been given thorough consideration at the highest level by the Government. It has been decided that cattle holding farms will continue to be run departmentally as at present. It has also been decided on 24-9-1982 to appoint a Committee of Experts from the Ministry of Agriculture, National Dairy Development Board/State Farms Corporations, Ministry of Defence, Ministry of Finance (Defence) and Army Headquarters etc. to examine the functioning of Military Farms and to make recommendations for the changes, if required, in the present set up to bring about improvements. The views of the PAC will also form part of the terms of reference of this Committee..... Government propose to take a view on this issue after examining the recommendations submitted by this Committee."

1.11. As regards the profitability of the Military Farms, the Committee had observed in para 3.67 of the Report:

"It is further observed from the balance sheet of the Military Farms that bulk of the net profit during the years 1977-78 to 1979-80 is accounted for by the Military Farms/Depots which are responsible only for purchasing and supplying milk. Thus, out of total profits of the Dairy

Section amounting to Rs. 132.59 lakhs in 1977-78, Rs. 135.28 lakhs in 1978-79 and Rs. 132.05\* lakhs in 1979-80, the non-cattle holding farms accounted for a profit of Rs. 94.54 lakhs, Rs. 64.57 lakhs and Rs. 102.85\* lakhs respectively.

1.12. In their action taken note dated 13 October, 1982 the Ministry of Defence have stated:

"The Government has noted the observation of the PAC and is also concerned with the complex nature of accounting in Military Farms. There is a need to review the present accounting system and the Government has decided to appoint an Expert Accounting Committee to go into all aspects of accounting system including pricing of milk both for free and payment issue customers. The revised system, suggested by this Expert Accounting Committee will be introduced in the Military Farms all over the country after detailed examination by this Ministry and the Army Headquarters."

1.13. Referring to the artificially inflated rates of free issues of milk supplied to troops and hospitals, the Committee had in para 3.78 of the Report observed:

"The Committee are led to the conclusion that the financial results of working of the Military Farms do not really represent a true picture. The profits shown in the accounts are based on artificially inflated rates of free issues of milk to troops and hospitals which account for 95 per cent of the total issues. These also include large amounts of interest earned by the Military Farms on Government Banking Account though the amount aid as interest on capital provided by Government is also taken into account. Further, bulk of the profits are earned by the farm depots which only purchase milk from outside agencies for supply to troops and their families."

1.14. In their action taken note dated 13 October, 1982 the Ministry of Defence have stated:

"The observation of the PAC have been noted. The Government have appointed an Expert Accounting Committee



to go into the entire rationale of working of profit and loss, charging of interest on Government Accounts 'A' and 'C' maintenance of accounts, judging of efficiency of both production and procurement units. The Committee will also consider laying down yard-sticks for judging the working efficiency of the various production sections of the Farm."

1.15. In para 3.79 of the 78th Report, the Committee had recommended the setting up of a high level Committee to examine whether it was necessary to continue to run the military farms as a departmental organisation. The Committee had also called for a review of the accounting system followed by these farms and to restructure them so as to give a realistic picture of their functioning. The Committee had observed:

"Considering further that the Military Farms, do not have to pay any land revenue or agricultural tax on capitalised land, that they have an assured and captive market and that they have easy access to Government resources for their capital/requirements, the profits earned by the Military Farms are more apparent than real. The question as to how the Military Farms can be made more profitable and how the accounting system should be restructured so as to give a realistic picture of their functioning, is linked with the question of the very continuance of these farms as a departmental organisation in regard to which the Committee have expressed their views in the earlier paragraphs. The Committee desire that the whole set up of Military Farms should be reviewed in all its aspects by Government at a high level in the light of the recommendations made by the Committee and an early decision taken in the matter. The Committee would like to be kept apprised of the same."

1.16. In their action taken note dated 13 October, 1982, the Ministry of Defence have stated:

"In pursuance of the recommendations of Public Accounts Committee, the Government have decided to set up two Expert Committees as under:

- (a) Although the Government have tentatively decided that Military Farms should continue as a Department

of the Government as hithertofore it proposes to entrust to a Committee of Experts the entire question of functioning of the Military Farms. The Experts are proposed to be taken from the Ministry of Agriculture, Indian Dairy Corporation, Ministry of Defence, Ministry of Finance (Defence) and Army Headquarters. They will advise as to whether the Military Farms should continue as they are or restructuring/changes are necessary keeping in view the recommendations made by the P.A.C.

- (b) *Expert Accounting Committee*: This Committee will study the existing accounting system and suggest measures to streamline the same. The Committee will recommend measures to remove various anomalies pointed out by the PAC regarding fixation of sale rates for free and payment customers, charging of interest on Government Account 'A' and 'C'. The Committee will examine whether Military Farms should run on 'No Profit—No Loss' basis as 95 per cent of the milk is supplied to troops or continue to prepare Trading and Profit and Loss Accounts."

1.17 The Public Accounts Committee, in para 364 of the Seventy-Eighth Report (Seventh Lok Sabha), had desired the Ministry of Defence to examine seriously the possibility of handing over the Military Farms Organisation to co-operatives of ex-servicemen which may be set up on the pattern of Anand Dairy. The considerations which weighed with the Committee in making these observations were:—

- (i) Since Independence, the country has made rapid strides in the field of animal husbandry and dairy development particularly under Operation Flood-I and now Operation Flood-II (Para 3.61)
- (ii) The capacity utilisation in the military farms was merely 52.8 per cent. As there was no outlet for the surplus milk, the capacity had been deliberately restricted to the level of actual requirements.

(Para 3.63)

- (iii) Bulk of net Profit of the military farms was accounted for by those farms/depots which were responsible only for purchasing milk from outside sources and supplying the same to the troops. (Para 3.67)
- (iv) The financial results of working of the military farms did not represent a true picture in so far as the profits shown in the accounts were based on artificially inflated rates of free issues of milk to troops and hospitals which accounted for 95 per cent of the total issues. (Para 3.78)

1.18. The Committee had, therefore, reached the conclusion that it was futile to expect economies of scale in the present situation. The Secretary, Ministry of Defence had also admitted in evidence that a vertically integrated set-up like the present one could be hardly cost-effective. In view of these weighty reasons, the Committee had recommended that necessary details for handing over the military farms to co-operatives of ex-servicemen, on a phased basis, should be worked out without loss of time. The expert guidance and assistance of the Indian Dairy Corporation may be obtained in organising the co-operatives and making suitable arrangements for supply of milk to the troops. The Committee had further observed that in areas where supply of milk was the responsibility of the Army Service Corps, the existing arrangements may continue.

1.19. The Ministry of Defence have now informed the Committee that the recommendation has been given thorough consideration at the highest level. Although Government have tentatively decided that cattle holding farms will continue to be run departmentally as at present, it proposes to entrust to a committee of experts the entire question of functioning of the military farms. The experts are proposed to be taken from the Ministry of Agriculture, Indian Dairy Corporation, Ministry of Defence, Ministry of Finance (Defence) and Army Headquarters, etc. to advise as to whether the military farms should continue as they are or restructuring/changes are necessary, keeping in view the recommendations of the Public Accounts Committee.

1.20. The Committee would like to point out that Government has not accepted the recommendation of their own Study Group appointed in 1978 regarding closure of 12 cattle holding farms in Southern, Western and Central Commands except in the case of two farms at Kirkee and Kanpur. The Kirkee farm will function as milk processing unit while at Kanpur only the dairy section will

function. The Committee further find that Government have decided to increase the cattle strength in the other farms to the optimum capacity to meet the garrison requirement of milk throughout the year. Surplus milk during flush period will be disposed of at rates to be fixed by local civil authorities.

1.21. The Committee consider that in view of Government's decision to appoint a committee of experts to examine the future set up of military farms, the Ministry of Defence should refrain from augmenting the cattle strength in the military farms till Government take a final view in the matter. The expert committee should be asked to give its report within one year from now. The Committee would like to be apprised of Government's decisions thereon, as expeditiously as possible.

1.22. The Committee find that in pursuance of their recommendations in the Seventy-Eighth Report, Government have decided to set up an Expert Committee to carry out a review of the present accounting system of the military farms. In this connection, the Committee would like to point out that the expert accounting committee for military farms, in its report rendered in November, 1962 had observed that the rates for free issue of milke to troops arbitrarily fixed on the high side without close relation to market rates, could inflate the profits and were therefore hardly the correct criteria for assessment of the efficiency of the military farms. The expert accounting committee had therefore recommended abolition of the system of fixing sale rates of dairy produce for free issue. Reiterating the earlier findings, the Study Group on streamlining the military farms set up, had observed (December, 1978) that the fixation of sale rates had no relation to the actual cost of production as the same was done with a view to showing profits in the farms as also to cover the losses of other sections.

Government have admitted in reply to the Committee's observations in para 3.71 of the 78th Report that fixation of sale rates has no relation to the cost of production. They have therefore decided to set up another expert committee to go into the accounting system of the military farms, including pricing of milk, in its entirety.

1.23. It would be apparent from the above that Government have been dragging their feet on the question of re-vamping the accounting system of the military farms since as far back as 1962 and that a totally unrealistic picture of the efficiency of the military farms is being presented to Parliament and the public. The Committee desire that the expert accounting committee now proposed

to be set up should be asked to render its report well in advance so that the findings are available to the committee of experts proposed to be appointed to examine the future set up of military farms in all its aspects.

1.24. The Committee need hardly stress that in case it is decided to continue to run any of the military farms departmentally, the accounting system should be revamped to give a clear and true picture of their financial viability.

#### **Lift Irrigation Scheme (S. No. 22, Para 3.80)**

1.25. Commenting on the lift irrigation scheme for Military Farm, Manjri, the Committee had in para 3.80 of the 78th Report observed:

“The Committee observe that a lift irrigation scheme was commissioned in Military Farm, Manjri during December, 1975. During the trial run, the plant which was installed by a contractor was found to contain several defects and the works were incomplete. Even though the Technical Board of Officers had given its findings in May 1977 it took more than three years for the Ministry to issue orders for holding a Court of Enquiry in the matter so as to fix responsibility on the defaulting officials. It is unfortunate that the case is still under examination and disciplinary action has yet to be taken. The Committee deprecate the inordinate delay in finalising the case and desire that conclusive action in the matter should now be taken without further loss of time”.

1.26. In their reply dated 13 October, 82 the Ministry of Defence have stated:

“The proceedings will be finalised as expeditiously as possible.”

1.27. Referring to the malfunctioning of the Lift Irrigation Scheme commissioned in the Military Farm, Manjri during December 1975, the Committee had deprecated the delay of more than three years in issuing orders for holding a court of inquiry in the matter so as to fix responsibility on the defaulting officials. The Committee had desired conclusive action to be taken in the matter without further loss of time. In their reply dated 13th October, 1982

Government have stated that "the proceedings will be finalised as expeditiously as possible". The Committee are amazed at the vague reply furnished after six months of presentation of their Report. This is a poor reflection on the efficiency of the functioning of the Military Farms Directorate. The Committee desires that the proceedings should be finalised within three months and they should be apprised of the findings and the action taken in pursuance thereof.

## CHAPTER II

### RECOMMENDATIONS AND OBSERVATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

#### Recommendation

The Military Farms are a legacy of the British period. They were set up to meet the requirement of milk products for the British troops and their families. The first farm was established in 1889 at Allahabad. As of today, there are 82 such farms of which 26 are cattle holding farms, 5 Young Stock Farms, 41 non-cattle holding farms/depots, 7 hay/baling farms and 3 *ad hoc* farms/depots. The Military Farms Organisation is the only departmentally managed government organisation in the field of animal husbandry and dairy farming responsible both for production and processing of milk for supply to the troops, their families and to the military hospitals. They also supply dry fodder to the army animals.

[Sl. No. 1 (Para 3.59) of Appendix II to 78th Report of the  
PAC (Seventh Lok Sabha)]

#### Action Taken

No action is required.

[The Ministry of Defence O.M. No. 4(3)/82/D(QS),  
dated 13th October, 1982].

#### Recommendation

The Committee find that the cattle holding farms with a total number of 8467 heads of cattle (1889 buffaloes and 6578 cows) were able to meet only 2/5th of the total demand in 1978-79. It is note-

worthy that due to change in location of the troops as a result of the 1947, 1962, 1965 and 1971 operations, there has been a sea-change in the location of troops rendering the cattle holding farms quite irrelevant to the present day requirements. As much as 95 per cent of milk requirement in the Northern and Eastern Commands is now being met through purchase from other agencies. For the Military Farms in the country, the demand met through local purchase was of the order of 57.8 per cent in 1977-78 and 59.4 per cent in 1978-79.

[Sl. No. 2 (Para 3.60) of Appendix II to 78th Report of  
PAC (Seventh Lok Sabha)]

#### Action Taken

A list of Cattle Holding Farms showing annual demand by the Garrison and the quantity supplied by Farms produced milk is enclosed. It would be seen that though there has been substantial change in the location of troops since 1947, it is not a fact that the cattle holding Military Farms wherever they are located have become irrelevant. In fact these cattle holding farms are meeting a major portion of the requirements of the stations where these are located in most of the cases from 80 per cent to 100 per cent—as would be seen from the Statement enclosed. The overall percentages of the demand met by farms produced milk during 1979-80 and 1980-81 is as under:—

1979-80:	93 per cent
1980-81:	82 per cent

Army Headquarters are also considering the feasibility of opening new farms in Northern and Eastern Commands subject to availability of land which has been the main constraint because of which new farms earlier could not be set up in these locations.

[The Ministry of Defence O.M. No. 4(3)/82/D(QS),  
dated 13th October, 1982].



Statements showing Annual demand of milk at the station - quantity produced and percentage supplied by Military Farms 1978-79

Sl. No.	Name of Military Farm	Demand of milk at the station Litres	Milk produced by Military Farms		Buff milk converted into standard milk Litres	Free issues met by home produced (Col 4+6) Litres	Percentage of demand supplied by Farm produced milk	
			Cows Litres	Buff Litres				
1	2	3	4	5	6	7	8	9
1	Ahmednagar	381313	416812	..	..	416812	100	Due to abnormally increased demand by 219647 litres over 1977-78
2	Bangalore	1804982	1465003	62057	117909	1582912	87.69	
3	Deolaji	1087344	595336	114131	216849	722185	66.42	
4	Pimpri/Kirkee	2508257	2110132	307792	584805	2694937	100	
5	Belgaum	380455	407336	50630	96157	509693	100	
6	Secunderabad	1731327	1158259	272700	518130	1671989	96.34	
7	Penagar	394016	113809	114452	217459	331268	84.08	
8	Srinagar	981458	224605	..	..	224605	22.88	A cattle yard section was started in May 78
9	Dalhousie	140582	175700	..	..	175700	100	only 100 cows can be maintained due to limited accommodation.
10	Ambala	2570533	1465028	58150	1111795	2576813	100	
11	Jullundur	1306749	1514502	..	..	1514502	100	The deficiency is met by transfer of milk from Ambala.
12	Ferozpur	1331262	..	590666	1121126	1121126	82.90	

13	Dagshai . . . . .	613990	311189	..	311189	50.68
14	Agra . . . . .	518944	483803	..	483803	98.23
15	Allahabad . . . . .	502337	411185	..	411185	81.85
16	Barcilly . . . . .	715645	504332	981	506996	70.76
17	Pithoragarh . . . . .	217639	203366	..	208866	95.96
18	Dehra Dun . . . . .	1272492	754691	..	754691	29.38
19	Jhansi . . . . .	1132496	718538	71906	136622	853160
20	Jabalpur . . . . .	146610	1032538	159439	300933	1335473
21	Kanpur . . . . .	368972	271985	..	271985	73.95
22	Lucknow . . . . .	986480	782770	384841	791198	1433968
23	Meerut . . . . .	967184	1340903	..	1340903	100
24	Mhow . . . . .	304666	245432	..	245432	80.55
25	Nanikum . . . . .	808842	497957	..	497957	61.56
		24514675			22109950	90-5

### Recommendation

Since independence, the country has made rapid strides in the field of animal husbandry and dairy development particularly under Operation Flood I and now Operation Flood II. The Military Farms have no doubt made a significant and pioneering contribution in the matter of introduction of modern cattle management techniques which has also been acknowledged by the National Commission on Agriculture.

[Sl. No. 3, (Para 3.61) of Appendix II to 78th Report of PAC (Seventh Lok Sabha)]

### Action taken

No action is required.

[The Ministry of Defence O.M. No. 4(3)/82/D(QS), dated 13th October, 1982]

### Recommendation

The Committee have been given to understand that no new farms have been established since 1947. Non-availability of land is stated to be a serious handicap in the expansion programme. The Study Group appointed by the Ministry of Defence to suggest ways and means for streamlining the Military Farms set up, in their report submitted in December, 1978 recommended closure of 12 cattle holding farms in the Southern, Western and Central Commands as sufficient milk was available locally. Government have not so far taken a final decision in the matter although they are inclined to accept closure of the cattle sections at Kirkee and Kanpur.

- [S. No. 4, (Para 3.62) of Appendix II to 78th Report of the PAC (Seventh Lok Sabha)]

### Action Taken

The Government has not accepted the recommendations of the 1978 Study Group regarding closure of 12 cattle holding farms in Southern, Western and Central Commands except MF Kirkee and Kanpur.

- (a) MF Kirkee will function as milk processing unit for Military Farms Pimpri and Manjri. The surplus land at this station will be utilised for KLP purposes.

- (b) At Kanpur, only Dairy Section will function and the surplus land under cultivation will be utilised, for KLP purposes.

[The Ministry of Defence O.M. No. 4(3)/82/D(QS),  
dated 13th October, 1982]

#### **Recommendation**

The Committee further observe that against a total capacity of 14,000 heads of cattle available in all the Military Farms, the actual number of cattle presently held is 7592. Thus the capacity utilisation is 52.8 per cent only. It was stated in evidence that the capacity could be stepped up by 20—25 per cent but it had to be deliberately restricted to the level of actual requirements as there was no outlet for the surplus milk. The Committee cannot, therefore, escape the conclusion that it is futile to expect economics of scale in the present situation. The Secretary, Ministry of Defence admitted in evidence that a vertically integrated set up like the present one could be hardly cost effective.

[S. No. 5, (Para 3.63) of Appendix II to 78th Report of  
PAC (Seventh Lok Sabha)]

#### **Action Taken**

The Government has decided on 24-9-1982 that—

- (a) Cattle strength at these farms should be increased to optimum capacity to meet the garrison requirement of milk throughout the year.
- (b) Surplus milk during flush period will be disposed off at rates to be fixed by Local civil authorities.
- (c) Surplus land, if any, will be handed over to Army for KLP (Key Location Plan) purposes.

[The Ministry of Defence O.M. No. 4(3)/82/D(QS).  
dated 13th October, 1982]

#### **Recommendation**

In view of the foregoing and taking particular note of the developments that have taken place in the milk sector during the last 20 years or so, the Committee are of the view that there is need for a rethinking with regard to the whole concept of military farms. The Committee would, therefore, like the Ministry of

Defence to examine seriously the possibility of handing over the military farms organisation to the cooperatives of ex-servicemen which may be set up on the pattern of Anand Dairy.

[S. No. 6, (Para 3.64) of Appendix II to 78th Report of PAC (Seventh Lok Sabha)]

#### **Action Taken**

The recommendation of the Committee has been given thorough consideration at the highest level by the Government. It has been decided that cattle holding farms will continue to be run departmentally as at present. It has also been decided on 24-9-1982 to appoint a Committee of Expert from the Ministry of Agriculture, National Dairy Development Board/State Farms Corporations, Ministry of Defence, Ministry of Finance (Defence) and Army Headquarters etc., to examine the functioning of Military Farms and to make recommendations for the changes, if required, in the present set up to bring about improvements. The views of the PAC will also form part of the terms of reference of this Committee.

[The Ministry of Defence O.M. No. 4(3)/82/D(QS), dated 13th October, 1982]

#### **Recommendation**

A large number of service personnel are drawn from the rural areas. Given their farming background and their experience of disciplined team work in the army, there is every reason to believe that this is an area where their services can be gainfully employed after their release from active service. The Committee, therefore, recommend that necessary details should be worked out without loss of time for implementing the above suggestion on a phased basis. The expert guidance and assistance of the Indian Dairy Corporation may be obtained in organising the cooperatives and making suitable arrangements for supply of milk products to the troops. In areas where supply of milk is the responsibility of the Army Services Corps (ASC), the existing arrangements may continue.

[S. No. 7, (Para 3.65) of Appendix II to 78th Report of PAC (Seventh Lok Sabha)]

#### **Action Taken**

In this connection, attention is drawn to Action Taken Note submitted on recommendation at Sl. No. 6 (Para 3.64). The Government have decided to appoint an Expert Committee to go into the

entire functioning of Military Farms and suggest measures for their restructuring, if necessary. Recommendations of the PAC would form part of terms of reference of this Committee. Government propose to take a view on this issue after examining the recommendations submitted by this Committee.

[The Ministry of Defence O.M. No. 4(3)/82/D(QS),  
dated 13th October, 1982]

### Recommendation

The Committee observed that the net profit earned by the Military Farms during 1977-78, 1978-79 and 1979-80 was of the order of Rs. 183.59 lakhs, Rs. 202.12 lakhs and Rs. 196.86 lakhs respectively. Of this, the interest earned on Government Banking Account was of the order of Rs. 93.80 lakhs, Rs. 109.53 lakhs and Rs. 128.62 lakhs respectively

[S. No. 8, (Para 3.66) of Appendix II to 78th Report of  
PAC (Seventh Lok Sabha)]

### Action Taken

No action is required.

[The Ministry of Defence O.M. No. 4(3)/82/D(QS),  
dated 13th October, 1982]

### Recommendation

It is further observed from the balance sheet of the Military Farms that bulk of the net profit during the years 1977-78 to 1979-80 is accounted for by the Military Farms/Depots which are responsible only for purchasing and supplying milk. Thus, out of total profits of the Dairy Section amounting to Rs. 132.59 lakhs in 1977-78, Rs. 135.28 lakhs in 1978-79 and Rs. 132.05\* lakhs in 1979-80, the non-cattle holding farms accounted for a profit of Rs. 94.54 lakhs, Rs. 64.57 lakhs and Rs. 102.85\* lakhs respectively.

[S. No. 9, (Para 3.67) of Appendix II to 78th Report of  
PAC (Seventh Lok Sabha)]

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\*Not vetted in Audit

### **Action Taken**

The Government has noted the observation of the PAC and is also concerned with the complex nature of accounting in Military Farms. There is a need to review the present accounting system and the Government has decided to appoint an Expert Accounting Committee to go into all aspects of accounting system including pricing of milk both for free and payment issue customers. The revised system, suggested by this Expert Accounting Committee will be introduced in the Military Farms all over the country after detailed examination by this Ministry and the Army Headquarters.

[The Ministry of Defence O.M. No. 4(3)/82/D(QS),  
dated 13th October, 1982]

### **Recommendation**

The Committee find from the Appropriation Accounts 1979-80 that there was a loss of Rs. 2.69 lakhs during 1978-79 and Rs. 1.95 lakhs in 1979-80 on account of difference between actual cost of production/processing of milk on the one hand and the price charged to the payment consumers on the other. The subsidy adjusted as credit in the trading account in regard to milk issued to payment consumers, amounted to Rs. 6.62 lakhs in 1977-78, Rs. 5.36 lakhs in 1978-79 and Rs. 4.02 lakhs in 1979-80. The amount is far in excess of the concession of 10 paise and 5 paise per litre admissible to JCO's ORs and officers respectively the reason being fixation of low payment issue rates for buff milk.

[S. No. 10 (Para 3,68) of Appendix II to 78th Report of  
PAC (Seventh Lok Sabha)]

### **Action Taken**

The observation of the PAC has been noted and this issue of losses on milk sold to payment customers will also be examined in detail by the Expert Accounting Committee. The Committee will recommend steps to remove all lacunae in the existing system of fixation of sale rates.

[The Ministry of Defence O. M. No. 4(3)/82-D(QS),  
dated 13th October, 1982]

### Recommendation

The Committee further find that the procedure for fixation of free issue and sale rates of milk and milk products was laid down in December, 1965. According to this, the sale rates are fixed on the basis of local milk scheme rates of the equivalent quality of milk. At stations where milk schemes do not function, the basis is the local market rate. The Study Group appointed by the Ministry in 1974 had pointed out that the sale rates were fixed higher than the local market rates due to better quality and specification of farm produced milk supplied by the Military Farms and then increasing them further by 22 paise per litre to cover pasteurisation and delivery charges.

[Sl. No. 11 (Para 3.69) of Appendix II to 78th Report of PAC  
(7th Lok Sabha)]

### Action Taken

The entire issue of fixation of sale rates of Military Farms Milk is to be examined by the Expert Accounting Committee. However, the comparison of sale rates of production farms and milk schemes in various stations is given in enclosed statement. It will be seen that the sale rate of military farm milk are comparable with Milk scheme sale rates at most of the places except of Military Farms Ahmednagar, Deolali, Namkum, Kirkee and Jullundur. Sale rates of Military Farms milk is lower than the milk scheme rate at Military Farms Secunderabad, Jabalpur, Lucknow and Srinagar. The sale rate of Military Farms includes pasteurisation and delivery charges and casters for delivering in the unit lines as against booth delivery in case of milk schemes.

[The Ministry of Defence O.M. No. 4(3)/82/D(QS)  
dated 13-10-82]



*Statement showing Comparison of sale rates of Cattle holding military Farms and Milk Schemes of equivalent quality of Milk*

Name of Farm	Average sale rates of milk at cattle holding farms Oct. 21 to Sept. 82		Sale rates of Milk Schemes 1982				Sale rates of milk by Military Farms, if milk is issued of Milk Scheme's specification
	Gows milk BF 4% SNF 8.5%	Blended milk 3.7% SNF 8.5%	Cows milk		Double		
			BF 3.5% to 4% SNF 8.5%	Toned milk PF 3.5% SNF 8.5%	Toned milk BF 1.5% SNF 8.5%	Double Toned	
1. Ahmednagar .	3.54		3.10				
2. Bangalore .	2.83		2.80				
3. Belgaum .	2.85		2.80				
4. Deolali .	3.35	3.31			1.90		2.65
5. Pimpri/Kirkee .	3.75		3.20				
6. Sec'bad .	2.74			3.20			2.44
7. Jabalpur .	3.42			3.50			3.12
8. Lucknow .	3.12			3.20			2.82
9. Narnkum .	3.58			3.10			3.28
10. Ambala .	2.88			2.50			2.58
11. Jullundur .	3.62			2.25			2.72
12. Srinagar .	2.26			2.60			1.96

### Recommendation

According to Audit, the profit of the Military Farms is mainly attributable to the inflated rates charged for milk supplied free to the troops. The Expert Accounting Committee for Military Farms in its report (November, 1962) had also observed that the rates for free issue to troops arbitrarily fixed on the high side without close relation to market rates could inflate the profits and were therefore hardly the correct criteria for assessment of the efficiency of the Military Farms. The Expert Accounting Committee, therefore, recommended abolition of the system of fixing sale rates of dairy produce for free issue.

[Sl. No. 12 (Para 3.70) of Appendix II to 78th Report of PAC  
(7th Lok Sabha)]

### Action taken

Government propose to set up an Expert Accounting Committee to go into the accounting system of the Military Farms in their entirety and suggest modifications. This observation of the PAC would be one of the terms of reference of this Committee.

[The Ministry of Defence O.M. No. 4(3)/82/D(QS)  
dated 13-10-82]

### Recommendation

The Study Group on streamlining the Military Farms set up (December 1978) reiterated the earlier findings. It observed *inter alia*:

"The fixation of sale rates has no relation to the actual cost of production as the same is done with a view to showing profits in the farms as also to cover the losses of other sections... the profits are accumulated by taking credit in the accounts... interest on Govt. Account 'C' as also by fixation of free issue rates on unrealistic basis."

[Sl. No. 13 (Para 3.71) of Appendix II to 78th Report of PAC  
(7th Lok Sabha)]

### Action Taken

It is correct that fixation of sale rates has no relation to the cost of production. The procedure for the fixation of sale issue rate of milk will be examined afresh by the Expert Accounting Committee.

The Committee will also examine the question of charging any interest on Govt. Account 'A' and 'C'.

[The Ministry of Defence O.M. No. 4(3)/82/D(QS)  
dated 13-10-82]

#### **Recommendation**

The Ministry have informed the Committee that the question whether profit should be charged at all, particularly in respect of free issue to troops, is a matter of policy. However, it is admitted that in the present procedure of fixation of sale rate "there is subjective element... which could be eliminated by rationalisation... for example, by laying down a definite percentage over the cost of production/cost of procurement including pasteurisation charges. This will however, have to be limited to the free issue rates. Fixation of principle of fixed percentage of profit over cost for payment issue rates will obviously lead to malpractices particularly where the rates in the market are higher than the rates at which milk is sold by Military Farms."

[Sl. No. 14 (Para 3.72) of Appendix II to 78th Report of PAC  
(7th Lok Sabha)]

#### **Action taken**

In pursuance of this recommendation of the PAC, the Govt. has decided to appoint an Expert Accounting Committee to go into the rationale of charging profit on supply of milk to troops. The Committee will also examine the procedure for fixation of sale rates to the payment customers. One of the ways to contain the malpractices as brought out in the observation can be to restrict the sale of milk to payment customers by laying down a definite scale of milk. The present scale of fresh milk ration to troops can form the basis for purchase of milk by the payment customers.

[The Ministry of Defence O.M. No. 4(3)/82/D(QS)  
dated 13-10-82]

#### **Recommendation**

The Committee have been further given to understand that the system of pricing has since been reviewed and a revised procedure laid down where by standard rate of blended milk which used to be worked out at 7/10 percent of the buffalo milk, will now be worked out on the cost of such milk and actual quantity of skimmed milk

powder used for preparation of blended milk. It has also been decided that where there is an abnormal increase in the market rate, the rates over and above the limit of 20 per cent of the market rate during corresponding period of the previous year, will be fixed to protect the interest of the State and Revision Boards will be held, if necessary. It has been further decided that the actual pasteurisation and delivery charges would be recovered from the consumers.

[Sl. No. 15 (Para 3.73) of Appendix II to 78th Report of PAC  
(7th Lok Sabha)]

#### **Action taken**

No action is required.

[The Ministry of Defence O.M. No. 4(3)/82/D(QS)  
dated 13-10-82]

#### **Recommendation**

It is unfortunate that as a quasi-commercial organisation, the Military Farms should have failed to recover the actual cost of production of milk from payment consumers thereby incurring losses. It has taken as many as seven years to take a decision in the matter. The Committee expect that such losses will be avoided in future.

[Sl. No. 16 (Para 3.74) of Appendix II to 78th Report of PAC  
(7th Lok Sabha)]

#### **Action taken**

The observation of the PAC has been noted. The entire procedure of fixation of free and sale issue rates will be examined by the Expert Accounting Committee as also all out efforts will be made to produce milk as economically as possible in the cattle holding farms. The recommendation of the PAC that losses on payment issue will be avoided in future will be kept in view by the Expert Accounting Committee, to eliminate chances of loss in future on account of sale of milk to the payment customers. However, the element of subsidy authorised by the Government to payment customers as welfare measure for the armed forces will continue.

[The Ministry of Defence O.M. No. 4(3)/82/D(QS)  
dated 13-10-82]

### Recommendation

The Committee further observe that losses on trading of butter amounted to Rs. 6.01 lakhs in 1978-79 and 6.85 lakhs in 1979-80. These are attributed to the higher cost of production of butter which in turn is on account of erroneously fixing the cost of skimmed milk at a level lower than the purchase cost—the difference being about 11 paise per litre. Instructions are now stated to have been issued to fix the rate of separated milk realistically and on the basis of market rate.

[Sl. No. 17 (Para 3.75) of Appendix II to 78th Report of PAC  
(7th Lok Sabha)]

### Action taken

The observation of the PAC have been noted. We have taken following remedial measures:

- (a) Instructions have been issued to price the separated milk on the basis of local market rate of each station. Copy of the instructions issued under AHQ/KMG's Br. No. 37172/Q/MF-3 dt. 24-7-81 is enclosed.
- (b) Orders have been issued to fix the sale rate of butter as per local milk schemes rate. At stations where milk schemes do not function the rate of standard firms will form the basis. In this connection notes/comments with regard to recommendation No. 3.77 may please be referred.
- (c) The DD&MF Commands and OICs Farms have also been directed to book the overhead charges on butter manufacturing correctly.

[The Ministry of Defence O.M. No. 4(3)/82/D(QS)  
dated 13-10-82]

OP IMMEDIATE

Tele 690451/242

Military Farms Directorate (MF-3)  
 Army Headquarters  
 Quartermaster General's Branch  
 West Block 3, 1st Floor, Wing 7  
 RK Puram, New Delhi-110022

24th July, 1981

87172/Q/MF-3

The DDsMF

Southern Command

Eastern Command

Western Command

Central Command

Northern Command

*Loss on Sale of Butter*

1. The Comptroller & Auditor General of India in his report for the year 1979-80 have brought out that MFs sustained a loss of Rs. 32.40 lakhs on free issue and sale of butter over a period of 1975-76 to 1978-79.

2. The butter has to be manufactured for the following purposes:—

- (a) Meeting of butter requirements of hospitals.
- (b) Disposal of cream received by separation of milk for feeding to calves.
- (c) For disposal of cream obtained by separating milk for the preparation of standard milk.

We have analysed that if the entire process of feeding of separated milk to the calves and also the preparation of standard milk and consequently manufacturing of butter is taken as one operation there is no loss to the State. However, the question still remains as to why the cost of production of butter in Military Farms is higher than the sale rate fixed on the basis of local market rate. Further analysis have revealed two reasons for higher cost of production/loss in trade of butter:—

- (a) Fixation of cost of separated milk arbitrarily and not on the basis of the local market rate of separated milk sold by local recognised dairies as purchased by Military Farms

results in the higher cost of production of cream leading to higher cost of production of butter. This can be seen from the following table:—

Table showing purchase cost and the cost fixed by DDsMF Commands for separated milk produced by Farms per litre

	1975-76	1976-77	1977-78	1978-79
	Rs.	Rs.	Rs.	Rs.
Purchase cost . . . . .	0.89	1.01	0.95	0.96
Cost of farms produced separated milk	0.76	0.86	0.85	0.87

(b) The sale rate of butter is not fixed realistically by Board of Officers for the obvious reasons that the majority of the members of the Board are consumers and keep their interest in view while assessing the market rate.

3. With the increasing cost of skimmed milk powder the cost of production of blended milk is likely to increase progressively and as an economy measures in meeting the requirement of the troops, Military Farms will have to issue progressively larger quantity of standard milk than issued in the past. This will result into manufacture of more quantity of butter. Keeping in view our commercial working we should fix the cost of separated milk realistically. Instructions may also be issued to the DDsMF and OIC of Military Farms to maintain monthly sale rate of butter and dairy produce with their specification from civil authorities, preferably the marketing committee/marketing offices. The sale rate of Amul/Sagar butter will be helpful to substitute the correct fixation of sale rate of butter by the Board. They should produce this data before the board of officers and sale rate of dairy produce should be fixed realistically.

4. Please acknowledge.

Sd/-  
(AS Sekhon)  
Brig  
Director of Military Farms.

Copy to: The ADMF

Military Farms School and Research Centre, Meerut Cantt.

### Recommendation

It is further observed that the Military Farms incurred a loss of Rs. 1.38 lakhs in 1978-79 and Rs. 1.43 lakhs in 1979-80 on trading of ghee.

[Sl. No. 18 (Para 3.76) of Appendix II to 78th Report of PAC  
(7th Lok Sabha)]

### Action taken

In pursuance of the observations of the PAC, instructions have been issued to DDsMF Commands and OICs Farms to ensure that in future Military Farms do not incur any loss on sale of ghee. A copy of the instructions issued under AMQ QMG No. B/53927/Q/MF-3 dt. 17-7-82 is enclosed for information.

This has been seen by Audit.

[The Ministry of Defence O.M. No. 4(3)/82/D(QS)  
dated 13-10-82]

Tele: 690451/242

Military Farms Directorate (MF-3)  
Army Headquarters  
Quartermaster General's Branch  
West Block-III R. K. Puram  
New Delhi-110022

B/53927/A/MF-3

17 July, 1982

The DDsMF

South Command  
Central Command  
Western Command  
Eastern Command  
Southern Command  
Northern Command

### *Losses on Sale of Cream/Butter and Ghee*

1. The Public Accounts Committee in its 78th Report on functioning of Military Farms have adversely commented on losses on sale of Cream/Butter and Ghee. The Committee has accordingly recommended that these losses be stopped forthwith.

2. The main reasons of losses are as under:—

(a) Incorrect fixation of sale rate i.e. lower than the market/milk Schemes rates.



- (b) In correct pricing of Skim Milk which inflates cost of Cream|Butter|Ghee.
- (c) In correct booking of overhead charges in the dairy section.

3. It has therefore been decided that no sale of butter/cream/ghee will be undertaken where its cost of production is higher than sale rates.

4. The AD|DAD|OIC farms and DDsMF Command will be personally responsible to ensure that farm under their Command do not suffer losses on sale of these items. All efforts will be made to correctly fix the sale rates, price the top rate milk and debit the overhead charges for working out the cost of production of these products. Standard milk will be preferably made by procuring skim milk rather than separating the Buff milk to avoid huge disposal of surplus fat at loss. It is against reiterated that Military Farms will not suffer any loss on a sale of Cream|Butter|Ghee.

5. Please acknowledge.

Sd/-

(A. N. Sekhon)

Brig.

Director of Military Farms.

Copy to:—

- ADMF/DADMF/OIC Military Farms,  
Ahmednagar, Bangalore, Belgum, Deolali, Pimpri, Kirkee.

Secy Bombay, Agra, Munjri, Ahmedabad, Colaba, Jaipur, Madras, Alwar, Baroda, Jodhpur, Kemptee, Kota, Margao, Nasirabad, Bishakhapatnam, Wellington, Bנגদুচী, Tezpur, Gohati, Calcutta, Panagar, Shillong.

Dunlim, 93 Inf. Bde, Binaguri, Hrishimara, Gangtok, Panitola, Ambala, Jullundur, Ferozpur, Birsarawal, Birdhanturi, Dagshai, Bikner, Amritsar, Agra, Allahabad, Bareilly, Dehra, Dun, Jhansi, Jabalpur, Yol, Kanpur, Lucknow, Meerut, Mrow, Namkum, Pithoragarh, Sitapur, Purkazi, Gwalior, Bhopal, Danapur, Fatehgarh, Faizabad, Lansdowne, Madhura, Ranikhet, Roorkee, Saugor, Gaya, Srinagar, Dalhousie, Pathankot, Jammu, 25 Inf. Div., 19 Inf. Div, Udhampur, 80 Inf. Div.

For information and immediate action. Losses if aff on sale of cream/butter, ghee are liable for recovery from defaulters.

### Recommendation

The Committee desire that the sale rates of cream, butter and ghee should be fixed taking into consideration the sale rates of

the local milk schemes or the rates charged by standard firms in places where such milk schemes do not exist and that there should be no question of any loss on this account in future.

[Sl. No. 19 (Para 3.77) of Appendix II to 78th Report of PAC  
(7th Lok Sabha)]

### Action taken

In pursuance of the recommendations of the PAC Instructions have since been issued to DDs MF Commands and OICs Farms to ensure that there is no loss on sale of cream, butter and ghee. Revised Government orders regarding the fixation of rates of cream, butter, Ghee the basis of rates of local milk scheme or standard firms where such milk schemes do not exist have since been issued vide letter No. B/53927/Q/MF3/Q1(A), dated 30-8-82 (copy enclosed).

[The Ministry of Defence O.M. No. 4(3)/82/D(QS)  
dated 13-10-82]

Telephone: 371625

Quartermaster General Shakha  
Thal Sena Mukhyalaya  
Quartermaster General's Branch  
DHQ PO New Delhi-110011.

B/53927/Q/MF-3/Q1(a)

30 Aug., 1982

Headquarters

Southern Command

Eastern Command

Western Command

Central Command

Northern Command

#### *Sale and free issue rates of dairy produce at Military Farms*

1. Reference our letter of even number dated 25 Sep. 81.
2. The following amendment may please be made against para 8(c) of our letter under reference;

8(c) *Sale rate of cream, butter, ghee and paneer*

The sale rate of cream, ghee, butter and paneer will be fixed on the basis of the sale rate of these articles as sold by local milk scheme or in the absence of such a scheme, on the basis of sale rates of a cooperative dairy. In the

absence of these two agencies local market rates of a reputed firm will form the basis. Due escalation would be made to this rate for the quality of milk product supplied by Military Farms.

3. This issues with the concurrence of Min. of Fin. (Def/QA) vide their U.O. No. 2365/QA of 1982—

Sd/-

(J. C. MAKRA),  
Col.

Col. (Staff and Coord)  
for Quartermaster General.

Copy to:—

The Controller General of Defence Accounts.

The Director of Audit, Defence Services.

The Controller of Defence Accounts, Southern Command.

The Controller of Defence Accounts, Western Command.

The Controller of Defence Accounts, Central Command.

CDA, Northern Command, CDA Patna, Jt. DADS, CC, Meerut.

The Jt. DADS, SC, Pune. Jt. DADS, WC.

#### Recommendation

From the foregoing, the Committee are led to the conclusion that the financial results of working of the Military Farms do not really represent a true picture. The profits shown in the accounts are based on artificially inflated rates of free issues of milk to troops and hospitals which account for 95 per cent of the total issues. These also include large amounts of interest earned by the Military Farms on Govt. Banking Account though the amount paid as interest on capital provided by Govt. is also taken into account. Further, bulk of the profits are earned by the farm depots which only purchase milk from outside agencies for supply to troops and their families.

[Sl. No. 20 (Para 3.78) of Appendix II to 78th Report of PAC  
(7th Lok Sabha)]

#### Action taken

The observation of the PAC have been noted. The Government have appointed an expert Accounting Committee to go into the entire rationale of working of profit and loss, charging of interest on Govt. Accounts 'A' and 'C' maintenance of accounts, judging of efficiency of both production and procurement units. The Com-

mittee will also consider laying down yard-sticks for judging the working efficiency of the various production sections of the Farm.

[The Ministry of Defence O.M. No. 4(3)/82/D(QS)  
dated 13-10-82]

#### **Recommendation**

The Committee observe that a lift irrigation scheme was commissioned in Military Farm Manjri during December, 1975. During the trial run, the plant which was installed by a contractor was found to contain several defects and the works were incomplete. Even though the Technical Board of Officers had given its findings in May 1977 it took more than three years for the Ministry to issue orders for holding a Court of Enquiry in the matter so as to fix responsibility on the defaulting officials. It is unfortunate that the case is still under examination and disciplinary action has yet to be taken. The Committee deprecate the inordinate delay in finalising the case and desire that conclusive action in the matter should now be taken without further loss of time.

[Sl. No. 22 (Para 3.80) of Appendix II to 78th Report of PAC  
(7th Lok Sabha)]

#### **Action Taken**

The proceedings will be finalised as expeditiously as possible.

[The Ministry of Defence O.M. No. 4(3)/82/D(QS)  
dated 13-10-82]

#### **Recommendation**

The Committee understand that a Gobar Gas Plant was installed and tried at Military Farm Meerut during 1961 but it did not work satisfactorily. Since the technology for energy utilisation in this field has now advanced significantly and a large number of gobar gas plants are functioning satisfactorily elsewhere, the Committee recommend that the Ministry of Defence should take up the matter with the Department of Science and Technology so that Gobar Gas Plants can be set up in the Military Farms under a time bound programme for catering to the energy requirements of these farms to the extent possible.

[Sl. No. 23 (Para 3.81) of Appendix II to 78th Report of PAC  
(7th Lok Sabha)]

#### **Action taken**

The recommendations of the Committee on setting up gobar gas plant in Military Farms have been noted. The Commission for additional sources or Energy Department of Science and Technology, Government of India have since sanctioned an outlay of Rs. 16 lakhs

for setting up of community type bio gas plants at four Military Farms i.e. Military Farms, Dehra Dun, Secunderabad, Deolali and Meerut, under the technical supervision and guidance of the Khadi village Industries Commission, Bombay.

The Secretary, Commission for Additional Sources of Energy (CASE) has also expressed that he is in a position to finance similar projects at fifteen additional stations. We have tentatively selected the following 15 stations where this facility can be gainfully utilised.

Agra, Namkum, Manjri, Bel-gaum, Ahmednagar, Jhansi, Bir-Sarangwal, Bangalore, Allahabad, Mhow, Bareilly, Pimpri, Jabalpur, Lucknow, Jullundur.

[The Ministry of Defence O.M. No. 4(3)/82/D(QS)  
dated 13-10-82]

### Recommendation

The Audit paragraph contains a number of other observations with regard to various activities undertaken by the Military Farms such as fodder cultivation, deterioration in crop yields in the Military Farm at Purkazi, concentrate scheme is increase milk yield etc. The Committee expect that appropriate action would be taken to rectify the shortcomings pointed out by Audit. The Committee desire that a close watch may be kept on the performance of the various farms particularly those which have been showing losses so as to improve their functioning and financial viability.

[Sl. No. 24 (Para 3.82) of Appendix II to 78th Report of PAC  
(7th Lok Sabha)]

**Action taken**

The observation of the Committee has been noted and the action has been initiated as under:

- (a) A detailed project study (copy enclosed) has been carried out in respect of all production farms and the yearly targets based on past four years production performances as well as the yields which should normally be expected from such lands with the facilities available have been laid down for farming as well as cattle yields for 1982-83. To achieve laid down targets, detailed cropping schemes and improvement plans have been laid down. These will be monitored through periodical reports/returns to ensure speedy implementation. At MF Purkazi more young stock has been inducted to reduce the area under cereal/cash crops. The cropping pattern has accordingly been modified.
  
- (b) *Concentrate ration scheme:* Feeding of concentrate is being reviewed from time to time to evaluate optimum feeding levels based on milk yields. The recommendations of various research institutions in the country are always taken into consideration while reviewing the feeding scale of ration. Accordingly feeding of concentrates to buffaloes and lower cross bred cows was modified in 1981. The revised scale cater for a saving of 40-60 kg concentrate ration for pregnant buffaloes 130 kg in their production ration and approximately 200 kg production ration in lower cross bred cows in each lactation.
  
- (c) *Keeping close watch on performance of various farms:* An elaborate and effective monitoring system (copy attached) has been introduced to keep a close watch on functional efficiency and economic viability of all farms. Timely administrative measures are being taken to ensure their efficient functioning.

[The Ministry of Defence O.M. No. 4(3)/82/D(QS)  
dated 13-10-82]

Telephone: 690451/243

Military Farms Directorate  
 Quartermaster General's Branch,  
 Army Headquarters  
 West Block 3, RK Puram  
 New Delhi-110022

38108/Q/MF-4

08 Oct. 82,

The DDsMF  
 Headquarters  
 Southern Command  
 Northern Command  
 Western Command  
 Eastern Command  
 Central Command

*\* Project study reports of Cattle Holding Farms-82/83*

1. Project Study Reports of 24 Cattle holding Farms have since been finalized. The Targets for Production from land/cattle and Pasteurisation/Delivery charges of milk for the year 82-83 have been approved and laid down as per appendix 'A' to this letter.

2. It will be ensured that these targets are achieved by all farms. For purposes of reporting in all Reports>Returns/Inspection/Tour notes only these targets will be reflected to compare them with actual yields from land/cattle.

3. Please acknowledge.

Sd/-

(S. N. DATT)

Col.

Offg. Director of Mil. Farms.

PROJECT STUDY REPORT TARGFTR 1982-83

Name of Mil Farm	Production from Land		Rabi (in tonnes)		Production from Cattle (in lit/day)		Cost of production/litre (in Rs.)			Pasteurisation/Delivery charges per litre/milk	Rs.
	Kharij Fodder	Grain	Fodder	Grain	HXB	LXB	Ind	Buff	Cows		
1. MF Secunderabad	2000	..	1000	..	8.5	7.5	..	5.5	2.10	3.00	0.20
2. MF Belgaum	1654	..	..	..	9.3	8.0	..	—	1.80	..	0.36
3. MF Deolali	1262	..	312	..	9.0	7.5	..	5.5	2.25	3.25	0.32
4. MF Ahmednagar	570	..	560	..	8.5	7.0	..	..	2.60	..	0.55
5. MF Pimpri	3300	..	2500	..	7.5	6.5	..	..	2.30	..	..
6. MF Bangalore	41000	..	..	..	10.0	8.7	..	..	1.75	..	0.30
7. MF Agra	2200	..	2200	35	100.5	8.4	..	..	1.88	..	0.58
8. MF Meerut	5000	100	5000	800	9.0	7.5	6.0	..	2.25	..	0.35
9. MF Jabalpur	1800	..	975	..	7.5	6.2	..	4.2	2.50	3.80	0.41
10. MF Mhow	1400	20	500	18	10.7	9.0	..	..	1.90	..	0.59
11. MF Bareilly	2500	80	2500	80	7.7	6.0	..	..	2.70	..	0.40
2. MF Dehradun	800	..	1000	..	10.5	8.5	..	..	2.75	..	0.34



PROJECT STUDY REPORT TARGETS 1982-83

Name of Milk Farm	Production from Land Kherif (in tonnes)		Rabi (in tonnes)		Production from Cattel (in lit/day) Overall Average		Cost of production/ litre (in Rs.)		Pasteru- sation/ Delivery charges per litre/ milk
	Fodder	Grain	Fodder	Grain	HXB	LXB	Cows	Bufs	
13. MF Nainkum	1500	55	1500	2	9.0	7.5	2.20	..	0.40
14. MF Jhansi	2500	..	2000	..	10.2	7.5	2.10	..	0.40
15. MF Kanpur	1650	16	1230	15	8.0	6.5	2.25	..	0.62
16. MF Allahabad	2000	35	1500	18	9.0	7.5	2.75	..	0.65
17. MF Lucknow	6350	129.6	5950	200.5	9.5	8.2	2.10	3.30	0.40
18. MF Ambala	6500	70.0	7500	60	9.0	7.5	2.25	3.75	0.42
19. MF Firozpur	5000	110	6500	300	..	..	..	3.50	0.56
20. MF Jullundur	6200	..	7800	95	10.5	7.5	2.50	..	0.28
21. MF Gagehai Dalkhousic	190	..	14	..	11.6	..	1.80	..	0.53
22. MF .....	40	..	30	..	10.0	..	1.90	..	0.44
23. MF Srinagar	500	..	..	..	10.3	..	2.05	..	0.40
24. MF Panagarh	1100	140	300	50	9.0	7.5	2.60	..	..

Tele: 690451/242

Military Farms Directorate/MF-3  
 Army Headquarters  
 Quartermaster General's Branch,  
 West Block 3, Wing No. 7  
 RK Puram, New Delhi-110066

17 Aug. 82

A/12115/Gen/Q/MF-3

The DDsMF  
 Southern Command  
 Eastern Command  
 Western Command  
 Central Command  
 Northern Command

*Effective Monitoring of Financial/Production results*

1. For judging the functional efficiency of production sections and financial viability of Military Farms and Depots, various reports and returns have been introduced to monitor the information. These reports and returns if properly compiled and scrutinised at Command HQrs, effective measures for improvement can be taken. I regret to mention that desired attention is not being paid in compilation and subsequent scrutiny of these reports and returns. The compilation is done very casually by the Farms and hardly any scrutiny is carried out at Command HQrs. This aspect has been emphasised time and again by this HQrs. through various letters, but no tangible results have been achieved. Following guidelines are once again issued for the compilation of various reports and returns in the succeeding paragraphs.

2. *Monthly Financial and Production Results.* This is one of the most important report and return and provides a comprehensive information about the cattle performances, the financial results of all sections, farm as a whole and the production, purchases and supply of milk. Repeated instructions have been issued about the critical analysis of the information contained in this report and assigning reasons where the financial position is worse as compared to the corresponding period of the preceding year but there has been little improvement. One of the Commands has not been enclosing the explanatory notes for the worse financial results for the last few months. This report has not improved even after pointing out the lapses number of times. This report is forwarded as it is compiled by the dealing assistant. The Staff Officers and DDsMF Commands do not analyse this report while forwarding

the reasons for worse results with the results that stereotype reasons are forwarded like increase in pay and allowances payment of arrears, increase in cost of POL, less trade, higher cost of purchase of milk and so on. These are not quantified and no remedial measures are taken to improve the position. DDsMF Commands are once again advised to go through the cattle performances cost of production of milk and the financial position of production section/farm as a whole and take immediate remedial measures wherever it is essential. I have also noticed that in spite of the issue of revised procedure for fixation of sale/issue rates of milk and milk products, wherein farms have been permitted to charge the actual pasteurisation/delivery charges and revaluation of calves/young stock, certain cattle holding farms and depots have shown adverse financial results. The cattle holding farms Dehradun, Bareilly, Jhansi, Jabalpur, Lucknow, Mhow, Dagahai and Bir Dhantauri have shown worse financial results. Military Farm, Jhansi has incurred a loss of Rs. 21,551/- in May 82. Similarly, Agricultural Farm Sitapur has also incurred a loss of Rs. 4,810/-. These are very disturbing trends and effective steps have to be taken to curb the same immediately.

3. The project studies of the various cattle holding Military Farms have since been completed. In Column 19 of Appendix 'B' the targets laid down in the project study will be shown instead of the targets laid down in the standing orders. This procedure will be adopted for the report pertaining to July 82 onwards.

4. *Cultivation.* The cultivation in Military Farms appears to be the Weakest link. It has been observed that at many farms the entire cultivated area is not cropped. The farms put forward unconvincing reasons like non-availability of seed, drought conditions and restricted availability of electricity and so on. Similar situations are faced by the farmers who are in the same area, but they are able to show their land in spite of all these handicaps being put forth by the ADsMF and DADsMF and OICs. I would like to make it clear that we are not much interested in reasons but in results. To watch the progress of sowing and also the availability of the seed, application of correct doses of fertilizers weekly return was introduced vide this HQ letter No. A/77696/Q/MF-4 dated 17 June 82. I am sorry to mention that Central Command has not taken any action so far on this return. The other returns are the half yearly cultivation reports. This report is also not submitted in time and if submitted they are incomplete. This report provides a very detailed performances appraisal of cultivation section which

can be very effective for chalking out future programme by eliminating crops which do not yield well at certain farms.

5. *Cattleyard Section.* The following major reports/returns are submitted to watch the functional efficiency and cattle performances:—

- (a) Monthly herd statistics.
- (b) Monthly feed and fodder return.
- (c) Monthly fertility report.
- (d) Monthly production results (incorporated in monthly financial and production results).
- (e) Quarterly weight report of young stock and calves.
- (f) Quarterly wastage rate return.
- (g) Monthly report on tick prevention.
- (h) Periodical returns on outbreak of disease.

6. These reports adequately cover all aspects of cattle management and all management lapses/shortcomings can be detected by close scrutiny of these returns. This HQ has been conveying detailed observation on all these returns. However, it has been noticed that in spite of our sending regular observations and discussing them with the individual farm officers and DDsMF Commands, during their visit to this HQrs, the quality of compilation reports/returns and their scrutiny have not improved. It will now be ensured that dealing staff officers in Command HQrs thoroughly scrutinise these returns and issue suitable instructions to farms each month on subject like sale of calves/young stock holding of surplus bulls and male calves, abnormal gestation/lactation periods, premature drying, abnormal dry periods/wastage rates/calving. You will also ensure that all these observations/instructions are endorsed to this HQrs. A serious view will be taken if these lapses are not brought on record and remedial measures are taken by your HQ before submission of these reports and returns to the HQ. Another aspect which require particular emphasis is the regular screening and culling of animals. Several cases of non disposal of culled animals have been noticed while screening the sheets for culling, submitted to this HQrs. The details given in the vaccination column and breeding sheets should also be perused as it is not uncommon to find a number of animals without strain-19 vaccination and incorrect breeding record.

7. *Dairy Section.* Appendix 'C' of the monthly financial and production results gives the details of the dairy section. This appendix provides the details on purchase and sale of milk and sale rates of milk and milk products i.e. cream, butter and ghee. From this statement the likely financial position can be assessed for future months. A provision has been made in the revised procedure of fixation of sale and free issue rates for convening the Board of Officers to review the sale rates if the local market rates show abnormal rise in milk prices. This also provides a very useful information for the rates of butter and ghee on which Military Farms have been incurring perpetual losses have been fixed correctly or not. If it is felt that these are not fixed correctly immediate action can be taken for re-convening of the Board and fixation of correct sale rates.

8. *Project Studies.* Project studies of all the production farms has since been completed. You are requested to go through these project studies and ensure their implementation. We have made a commitment to the Parliament while submitting the final report on 'Action Taken' on the observation contained in the 78th Report of the PAC to improve the working efficiency of Military Farms, and their financial position. Various measures have been laid down in the project study including the targets for production from land and cattle. Min. of Def. and audit and DADS are going to keep a close watch on the progress of the implementation of the project studies. It is emphasised that these project studies should not be taken lightly and all efforts should be made for their implementation and achieving the targets laid down. A proforma for monitoring the implementation of these project studies is enclosed.

9. *Financial Control.* Instructions were issued vide this HQ letter No. A12115/Q/MF-3 dated 18 Sep. 75 to display the budgetary control chart in the office of the each Military Farm giving month-wise progress of expenditure against each major head to ensure that the expenditure is restricted to the sanctioned budget. This will be now ensured and watched during your inspections. Any farm exceeding the forecast of expenditure will be asked to explain the reasons. To control the avoidable expenditure, monthly sanction papers for employment of labour purchase of stores, concentrates and spare parts of plant and machinery will be kept in view. While asking the sanction for purchase of any capital expenditure, it will be assessed that the provisioning is inescapable and is likely to give a matching return to the investment. Only the expenditure of most essential and inescapable items will be done.

10. It is once again emphasised that all aspects of functioning of Military Farms need to be watched closely to improve the financial health, achieve the optimum production from land and cattle and to achieve the laid down targets in the project studies. All reports and returns will be closely scrutinised and prompt action taken to remove the management lapses/shortcomings. Suitable guidelines as and where required will also be issued to ADsMF, DADsMD and OICs farms.

11. Please acknowledge.

Sd/-  
(A. S. SEKHON)  
Brig  
Director of Military Farms.

Copy to:—

Commandant Military Farm School and Research Centre,  
Meerut.

MF-4  
Live-stock section/Land and  
Cultivation } These sections will watch  
the progress concerning  
them.

MF-5

Case No. 87237/Q/MF-3

Monthly progress report on project Study (82-83)  
Military Farms

1. **CULTIVATION SECTION**

Name of crop	Area approved for sowing	Area sown	Area Harvested	Yield/Hect/Target
1.				
2.				
3.				
4.				
5.				
Total				

Cumulative outturn	Target outturn
1.	
2.	
3.	
4.	
5.	
Total	

### 2. CATTLEYARD SECTION

(a) Performance	Overall Average			Cost of Production		
	Actual	Target	Diff.	Actual	Target	Diff.
Category						
PECB						
LKB						
Ind						
Buff						

(b) Fertility Category	Actual	Target	Difference
------------------------	--------	--------	------------

### 3. FINANCIAL POSITION

1982-83	1981-82	1980-81	1979-80	1978-79
---------	---------	---------	---------	---------

For the month.

Cumulative

### 4. DEVELOPMENT WORK

- Levelling of land/Reclamation work.
- Irrigation project.
- Provisioning of Plant and Machinery.

### 5. Miscellaneous

Note:-- 1. Target will be as per Project Report.

2. Reasons for not achieving targets will be given in detail.

CHAPTER III

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

NIL



**CHAPTER IV**

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

NIL

## CHAPTER V

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

#### Recommendation

Considering further that the Military Farms do not have to pay any land revenue or agricultural tax on capitalised land, that they have an assured and captive market and that they have easy access to Government resources for their capital/requirements, the profits earned by the Military Farms are more apparent than real. The question as to how the Military Farms can be made more profitable and how the accounting system should be restructured so as to give a realistic picture of their functioning, is linked with the question of the very continuance of these farms as a departmental organisation in regard to which the Committee have expressed their views in the earlier paragraphs. The Committee desire that the whole set up of Military Farms should be reviewed in all its aspects by Government at a high level in the light of the recommendations made by the Committee and an early decision taken in the matter. The Committee would like to be kept apprised of the same.

[S. No. 21 (Para 3.79) of Appendix II to 78th Report of PAC  
(7th Lok Sabha)]

#### Action Taken

In pursuance of the recommendations of Public Accounts Committee, the Government have decided to set up two Expert Committees as under:—

- (a) Although the Government have tentatively decided that Military Farms should continue as a Department of the Government as hitherto it proposes to entrust to a Committee of Experts the entire question of functioning of the Military Farms. The Experts are proposed to be taken from the Ministry of Agriculture, Indian Dairy Corporation, Ministry of Defence, Ministry of Finance (Defence) and Army Headquarters. They will advise as to whether the Military Farms should continue as they are or restructuring/changes are necessary keeping in view the recommendations made by the P.A.C.

- (b) Expert Accounting Committee. This Committee will Study the existing accounting system and suggest measures to streamline the same. The Committee will recommend measures to remove various anomalies pointed out by the PAC regarding fixation of sale rates for free and payment customers, charging of interest on Government Account 'A' and 'C'. The Committee will examine whether Military Farms should run on 'No Profit—No Loss' basis as 95 per cent of the milk is supplied to troops or continue to prepare Trading and Profit and Loss Accounts.

[The Ministry of Defence O.M. No. 4(3)/82/D(QS),  
dated 13th October, 1982].

NEW DELHI;  
February 3, 1983  

---

Magha 14, 1904 (S)

SATISH AGARWAL,  
Chairman,  
Public Accounts Committee.

MINUTES OF THE SITTING OF THE PUBLIC ACCOUNTS  
COMMITTEE (1982-83) HELD ON 3 JANUARY, 1983

The Committee sat from 13.00 hrs. to 14.00 hrs.

*Present*

**Shri Satish Agarwal—Chairman**

2. **Shrimati Vidyavati Chaturvedi**
3. **Shri G. L. Dogra**
4. **Shri Bhiku Ram Jain**
5. **Shri Mahavir Prasad**
6. **Shri Sunil Maitra**
7. **Shri Jamilur Rahman**
8. **Shri Uttam Rathod**
9. **Shri Ram Singh Yadav**
10. **Shri Kalyan Roy**

} *Members*

*Representatives of the Office of C&AG*

1. **Shri R. K. Chandrasekharan, Addl. Deputy C&AG of India**
2. **Shri L. P. Khanna, DGP&T**
3. **Shri G. N. Pathak, DADS**
4. **Shri G. R. Sood, Jt. Director (R.C.)**

**SECRETARIAT**

1. **Shri T. R. Krishnamachari—Joint Secretary**
2. **Shri K. C. Rastogi—Chief Financial Committee Officer**
3. **Shri K. K. Sharma—Senior Financial Committee Officer**

The Committee took up for consideration the following draft Report:

1. 124th Report on Action Taken on the recommendations contained in 78th Report (7th Lok Sabha) on Working of Military Farms.  
\* \* \* \*
2. The Committee adopted the above Report subject to the amendments/modifications shown in Annexure I.

*The Committee then adjourned.*

## ANNEXURE-I

Amendments/modifications made in draft 124th report of PAC (7th Lok Sabha) on working of Military Farms.

Page	Para	Line	For	Read
10	1.21	7	six months	one year
12	1.23	9	within three months	well in advance
Do.	1.24	2	to run the	to run any of the
Do.	Do.	3	delete "as hitherto"	
Do.	Do.	Do.	system will	system should

**APPENDIX**

**STATEMENT OF RECOMMENDATIONS AND OBSERVATIONS**

Sl No.	Para No.	Ministry/Deptt.	Recommendation/Observations
1	2	3	4
1	1.17	Ministry of Defence	<p>The Public Accounts Committee, in para 3.64 of the Seventy-Eighth Report (Seventh Lok Sabha), had desired the Ministry of Defence to examine seriously the possibility of handing over the Military Farms Organisation to co-operatives of ex-servicemen which may be set up on the pattern of Anand Dairy. The considerations which weighed with the Committee in making these observations were:—</p> <p>(i) Since Independence, the country has made rapid strides in the field of animal husbandry and dairy development, particularly under Operation Flood-I and now Operation Flood-II (Para 3.61).</p> <p>(ii) The capacity utilisation in the military farms was merely 52.8 per cent. As there was no outlet for the surplus milk, the capacity had been deliberately restricted to the level of actual requirements. (Para 3.63)</p>

(iii) Bulk of the net profit of the military farms was accounted for by those farms/depots which were responsible only for purchasing milk from outside sources and supplying the same to the troops. (Para 3.67)

(iv) The financial results of working of the military farms did not represent a true picture in so far as the profits shown in the accounts were based on artificially inflated rates of free issues of milk to troops and hospitals which accounted for 95 per cent of the total issues. (Para 3.78)

2 1.18 Ministry of Defence

The Committee had therefore reached the conclusion that it was futile to expect economies of scale in the present situation. The Secretary, Ministry of Defence had also admitted in evidence that a vertically integrated set-up like the present one could be hardly cost-effective. In view of these weighty reasons, the Committee had recommended that necessary details for handing over the military farms to co-operatives of ex-servicemen, on a phased basis, should be worked out without loss of time. The expert guidance and assistance of the Indian Dairy Corporation may be obtained in organising the co-operatives and making suitable arrangements for supply of milk to the troops. The Committee had further observed that in areas where supply of milk was the responsibility of the Army Service Corps, the existing arrangements may continue.

3 1.19 -do- The Ministry of Defence have now informed the Committee that the recommendation has been given thorough consideration at the highest level. Although Government have tentatively decided that cattle holding farms will continue to be run departmentally at present, it proposes to entrust to a committee of experts the entire question of functioning of the military farms. The experts are proposed to be taken from the Ministry of Agriculture, Indian Dairy Corporation, Ministry of Defence, Ministry of Finance (Defence) and Army Headquarters, etc. to advise as to whether the military farms should continue as they are or restructuring/changes are necessary, keeping in view the recommendations of the Public Accounts Committee.

4 1.20 -do- The Committee would like to point out that Government has not accepted the recommendation of their own Study Group appointed in 1978 regarding closure of 12 cattle holding farms in Southern, Western and Central Commands except in the case of two farms at Kirkee and Kanpur. The Kirkee farm will function as milk processing unit while at Kanpur only the dairy section will function. The Committee further find that Government have decided to increase the cattle strength in the other farms to the optimum capacity to meet the garrison requirement of milk throughout the year. Surplus milk during flush period will be disposed of at rates to be fixed by local civil authorities.

5 1.21 -do- The Committee consider that in view of Government's decision to appoint a committee of experts to examine the future set up of



desired conclusive action to be taken in the matter without further loss of time. In their reply dated 13th October, 1982 Government have stated that "the proceedings will be finalised as expeditiously as possible". The Committee are amazed at the vague reply furnished after six months of presentation of their Report. This is a poor reflection on the efficiency of the functioning of the Military Farms Directorate. The Committee desire that the proceedings should be finalised within three months and they should be apprised of the findings and the action taken in pursuance thereof.

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