

**GOVERNMENT OF INDIA
DEFENCE
LOK SABHA**

UNSTARRED QUESTION NO:2324
ANSWERED ON:17.08.2006
MILITARY FARMS
Jha Shri Raghunath;Madhwaraj Smt. Manorama

Will the Minister of DEFENCE be pleased to state:

- (a) whether the cost at which milk is supplied by the Military Farms (MFs) to the Army is higher than the market rate;
- (b) if so, the details thereof and the reasons for purchasing milk from MFs at higher rates;
- (c) the total excess money incurred on the purchase of milk from MFs by Army during the last three years;
- (d) the steps taken to purchase milk at the competitive price;
- (e) whether any Task Force/Committee was set up for reorganization of Military Farms; and
- (f) if so, the findings thereof and the follow-up action taken thereon?

Answer

MINISTER OF DEFENCE (SHRI PRANAB MUKHERJEE)

(a) to (f): A statement is attached.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (f) OF LOK SABHA UNSTARRED QUESTION NO. 2324 FOR ANSWER ON 17.8.2006

The cost at which milk was supplied by Military Farms to the Army, in the year 2004-2005, was Rs. 17.96 per litre. The average price paid for milk procured from National Cooperative Dairy Federation of India Ltd. (NCDFI) was Rs. 15.35 per litre for the year 2004-2005.

Milk continues to be supplied by the Military Farms to the Army because the Military Farms are a part of the Army Establishment and they have been established to provide hygienic and fresh milk to the troops at their locations.

The cost comparison between the Military Farms and NCDFI rates for the last three years for which internal audit by the Office of Controller General of Defence Accounts have been completed is as under:

Year	Qty	Issue	Total Cost	Total Cost	Cost	Cost
			Supplied Price by	At the rate	At the rate	Difference
			By Military Of	Issue Of	Average	Amount (Rs.)
			Military Farms	Price of	Price of	
			Farms (Rs. Per	Military	NCDFI	
			(Lts) Litre)	Farms	Amount (Rs.)	
			Amount (Rs.)			

2002-2003	67606354	16.63	1124329353	1037757534	86571819
2003-2004	74035598	17.34	1283513122	1136446429	147066693
2004-2005	74278774	17.96	1333898637	1140179181	193719456

The shortfall in requirement of milk is purchased from Government Cooperatives. The Army avails discount on the civil rate on account of bulk purchase.

A Committee under the Chairmanship of Joint Secretary, Ministry of Defence was set up for reorganization of Military Farms. On the recommendation of the Committee 18 Military Farms, which were found to be uneconomical, have been closed.