GENEVA, Feb. 12 — The World Health Organization defended today the use of DDT to kill mosquitoes indoors.

The agency declared in a special report that there was no evidence that DDT, when sprayed indoors, had any of the harmful effects on the environment that prompted the United States Environmental Protection Agency to start action last month to ban all remaining uses of the insecticide.

The specialized United Nations agency said that, “mostly thanks to DDT,” over a billion people had been freed from the risk of malaria in the last 25 years. But it insisted that spraying was still necessary to protect 329 million more from the disease.

It added that DDT, in the quantities used indoors, did not harm human beings, while “even temporary lack of DDT for malaria control can seriously jeopardize the gains achieved at such great cost.”

“Ceylon is a case in point,” the report declared. “Malaria was almost eradicated, the number of cases having dropped from 2.8 million in 1946 to 110 in 1961 and the number of deaths reduced from 12,587 to zero. But Ceylon, following premature cessation of spraying, is again facing an epidemic of malaria, with a total of 2.5 million cases already reported for 1968-1969.”

The report also emphasized that, while developed countries had the money to combat communicable diseases by providing good sanitation, this method of combating malaria “is out of the financial reach of the developing countries.”

Two satisfactory substitutes for DDT in spraying operations have been developed by the agency, and they are unlikely to cause environmental problems because they deteriorate more rapidly than DDT, the report conceded. It insisted, however, that they would be much more expensive.

The present spraying program would cost $184-million a year if one substitute were used, and $510-million if another, Propoxur, were substituted, it declared.

The present program costs $60-million a year, and the developing countries do not have the money to use a substitute, the report said.