

**COMMITTEE ON PUBLIC UNDERTAKINGS
(1968-69)**

(FOURTH LOK SABHA)

FORTY-SEVENTH REPORT

**PUBLIC RELATIONS AND PUBLICITY IN
PUBLIC UNDERTAKINGS**



**LOK SABHA SECRETARIAT
NEW DELHI**

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C O R R I G E N D A

FORTY-SEVENTH REPORT OF COMMITTEE ON PUBLIC UNDERTAKINGS (1968-69) ON PUBLIC RELATIONS AND PUBLICITY IN PUBLIC UNDERTAKINGS.

<u>Page</u>	<u>Para</u>	<u>Line</u>	<u>For</u>	<u>Read</u>
(ii)	Item II A	-	Add "3"	against Organisational set up.
6	2.22	7	Add "the"	before "public undertakings"
6	2.22	8	Delete 'the'	before "Ministry"
13	3.19	8	Add 'the'	before private advertising agencies
14	3.21	1	Chairman	Chairmen
20	3.40	11	Delete "if"	after "quotations"
21	3.44	6	India	Indian
24	3.59	3	step	steps
29	4.16	4	Delete "he"	after "Finance"
31	4.23	1	Delete ', '	after "that"
40	S.No.17 3.57	7	"Public"	"public"

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(1968-69)

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INTRODUCTION

I, the Chairman, Committee on Public Undertakings, having been authorised by the Committee to submit the Report on their behalf, present this FORTY-SEVENTH Report on "Public Relations and Publicity in Public Undertakings".

2. The Committee took the evidence of the Director of Advertising and Visual Publicity, Government of India, New Delhi and the representatives of the National Council of Advertising Agencies, New Delhi on the 17th March, 1969; the representatives of nine major undertakings on the 18th March, 1969; and the officials of the six selected Ministries on the 19th March, 1969.

3. The material received from the various Ministries and public undertakings was processed at various stages by the Study Group IV of the Committee.

4. The report was adopted by the Committee on the 16th April, 1969.

5. The Committee wish to express their thanks to the various Ministries, public undertakings, and non-official organisations for placing before them the material and information which they wanted in connection with the examination of the subject. They wish to thank in particular the representatives of the undertakings and the officers of the Ministries who gave evidence and placed their considered views before the Committee.

NEW DELHI;
April 26, 1969.
Vaisakha 6, 1891 (S).

G. S. DHILLON,
Chairman,
Committee on Public Undertakings.

CHAPTER I

INTRODUCTORY

1.1. Public Relations and Publicity have a major role to play in the growth of modern industrial and commercial enterprises, as public confidence and goodwill are extremely important to an industry or business. Public Relations are generally defined as the deliberate and sustained effort to establish and maintain mutual understanding between an organisation and its public and publicity is one of the media used to achieve this objective. Building goodwill for a company and its products is nothing new in the business world and it goes almost without saying that those companies with reputation for standing behind their products are most successful.

1.2. The public sector undertakings have been set up not for purely commercial ends but to serve certain socio-economic purposes and to promote social directives enshrined in the Constitution of India. They have not only to be efficient but also appear to be so. It is against this background that the Committee decided to examine the working of Public Relations and Publicity organisations in public undertakings with particular reference to the existing Government policies in this regard.

1.3. The Committee called for preliminary material and written replies to their questionnaire from 78 public undertakings. **The Committee regret to note that replies to the questionnaire had been received upto the time of oral evidence only from 44 undertakings mentioned in Appendix I. The examination of the subject would have been more purposeful if the replies from all the undertakings had been received. The Committee expect that in future the public undertakings would promptly supply the information desired by the Committee.**

On the basis of written replies received, the Committee took the evidence of the representatives of the following nine important undertakings:

1. Air India.
2. Fertilizer Corporation of India Ltd.
3. Heavy Electrical (India) Ltd.
4. Heavy Engineering Corporation Ltd.
5. Hindustan Machine Tools Ltd.
6. Hindustan Steel Ltd.
7. Indian Drugs & Pharmaceuticals Ltd.
8. Indian Oil Corporation Ltd.
9. Life Insurance Corporation of India.

1.4. This was followed by the evidence of the officials of the following Ministries of the Government of India:—

1. Ministry of Finance (Department of Revenue & Insurance and Department of Expenditure).
2. Ministry of Industrial Development, Internal Trade and Company Affairs.
3. Ministry of Information and Broadcasting.
4. Ministry of Petroleum & Chemicals and Mines & Metals.
5. Ministry of Steel and Heavy Engineering.
6. Ministry of Tourism and Civil Aviation.

1.5. The Committee also took evidence of Director of Advertising and Visual Publicity, Government of India in his capacity as an expert.

1.6. In this connection the Committee held discussions with the representatives of National Council of Advertising Agencies, New Delhi and Advertising Agencies Association of India, Bombay.

1.7. The Committee have considered problems of Public Relations and Publicity which are common to the undertakings as a whole. Necessarily, therefore, the treatment of the subject is general in its nature.

CHAPTER II

A. Organisational Set Up

2.1. The strength and organisational set up of Public Relations and Publicity department or unit in any undertaking will mainly depend upon the size of the undertaking, the nature of business or services it renders, the products it manufactures and the location of the project in relation to the media of publicity available and the project that is to be publicised. The organisational set up of the Public Relations and Publicity has of necessity to be different in each undertaking depending upon its size, field of activity, the product mix and its consumers etc.

2.2. The Committee have noticed that the organisation of Public Relations and Publicity differs from one undertaking to another. Majority of public undertakings do not have separate Public Relations and Publicity organisations. In some cases the Public Relations and Publicity division/unit is placed under the Commercial, Personnel or Administrative Department while in others Public Relations is a separate unit and Publicity work is a part of Commercial department or is placed under the charge of the Commercial Manager or Sales Manager.

2.3. During evidence the representatives of the leading undertakings stated that generally they had separate Public Relations and Publicity Division/unit. They further stated that publicity work in most of them was either a part of the Commercial department or was under the Sales department. The reason advanced for so doing was that their Publicity work was more sales oriented. They further stated that the Public Relations unit generally functioned under the chief executive, though for minor administrative purposes the Public Relations unit might be placed under another department.

2.4. The representative of Heavy Electricals (India) Ltd. stated that for preparation of lay-out and designs and for their advertisements, the Public Relations Manager took instructions and assistance from the engineering divisions.

2.5. The representative of Hindustan Machine Tools Ltd. stated that the Public Relations and Publicity department was directly under the Chairman and Managing Director, but as functionally the work being mostly sales oriented, advice and guidance was being taken from the Sales Manager. From their experience they had seen that placing of Public Relations and Publicity department under the Chief Executive gave a lot of advantage.

2.6. The representative of Hindustan Steel Ltd. stated that the Public Relations was the responsibility of all the managers. The Public Relations Officer reported to the Chairman through the Secretary.

2.7. During evidence of representatives of the selected Ministries it was stated on behalf of the Bureau of Public Enterprises that the Bureau held a meeting with the Public Relations Officers of all the Public undertakings in June, 1967 which was attended by Public Relations Officers of 43 public undertakings. In the light of these discussions, certain statements were prepared outlining broadly the objectives and the responsibilities of the Public Relations Officers, the types of media they could use, the status of the Public Relations Officers and their relations to the rest of the organisation etc.

2.8. It is seen that a number of useful conclusions were reached at the meeting of the Public Relations Officers. These included importance of public relations; status, functions and responsibilities of Public Relations Officers; experience required for Public Relations Officers, media for public relations and publicity; relations with the Press; use of the Government Publicity organisations; liaison with other undertakings and contacts with local population.

2.9. The Committee were not informed as to how far the guidelines reached at the meeting of the Public Relations Officers of the public undertakings, have been followed by them.

2.10. The Committee feel that such conferences ought to be held periodically, say once in three years. Conclusions reached ought to be circulated to the Ministries/undertakings and where necessary follow-up action ought to be initiated.

2.11. The Committee have noted that there is no uniformity in the pattern of organisational set up of Public Relations and Publicity departments/units in the public undertakings in general and major undertakings in particular and the set up has been decided on *ad hoc* basis by the management without making any study of comparable enterprises or without the assistance of any specialised agency.

2.12. The Committee recommend that an expert committee should be appointed to make a detailed study of the organisational structure of the Public Relations and Publicity units in the public undertakings and suggest guide-lines for the set-up of such an organisation keeping in view the need to inform the public not only of the products marketed by it but also the functioning of the undertaking. The set up should be business like and compact and provide the requisite expert assistance to the top management in the art of disseminating information and attending promptly to public complaints.

B. Joint cadre of Public Relation Officers

2.13. During evidence the Committee asked whether there could be a single cadre of Public Relations Officers and Publicity Officers for all the public undertakings who were in the same line or same field of industry. The reaction of the representatives of the undertakings was that it would not work because the publicity work differed according to the type of the undertaking and the target towards which publicity or public relations work was to be directed. They, however, stated that this required more detailed thinking.

2.14. **The Committee suggest that the question of having a joint cadre of Public Relations Officers and Publicity Officers for public undertakings in the same field or producing similar products or doing same type of business, may be examined by the expert Committee referred to in paragraph 2.12 above.**

C. Liaison Officers in Delhi

2.15. The Committee have noted that a large number of public undertakings, including Heavy Electricals (India) Ltd., Heavy Engineering Corporation, Hindustan Machine Tools Ltd., Hindustan Steel Ltd., Indian Oil Corporation Ltd. etc. have their officers in Delhi mainly to follow up procedural work with the Ministries and other Government departments. The Heavy Electricals (India) Ltd. have a liaison officer as well as an Assistant Public Relations Officer in Delhi.

2.16. During evidence the representatives of public undertakings stated that they did not have any "liaison officers" as such in Delhi but the officers of the company were stationed in Delhi to explain their problems to the Directorate General of Supplies and Disposals and other Government departments/organisations. They were meant for chasing up cases in Government departments.

2.17. The Fertiliser Corporation of India stated that they had a Purchase and Liaison Officer in Delhi to have contacts with the concerned Government departments for expeditious disposal of their matters relating to customs and import licences, besides liaison with suppliers, etc.

2.18. The Indian Oil Corporation stated that they had a Chief Liaison Officer heading their liaison department in New Delhi. He maintained a follow up of their work with various Ministries in Delhi.

2.19. The representative of the Hindustan Steel Ltd. stated that they had a senior officer of the company who had long experience with problems and who could explain to the DGS & D the implication of their demand for different items and also to the departments concerned. His functions were purely executive.

2.20. The Secretary of the Ministry of Finance stated that he did not think that an omnibus officer was going to be of any use in this connection.

2.21. The Secretary, Ministry of Industrial Development stated that the expression "Liaison Officer" perhaps was not a correct designation of those officers. They were officers of the companies whose business was to chase the cases of the company in Delhi, whether in the issue of import licences or in the issue of industrial licences or any other matter relating to the company which were dealt with at the headquarters of the Government of India. They were not retired officers whom the companies had appointed just for doing liaison work. They were just ordinary managers of the companies in Delhi. He, however, admitted that there would be no need for those officers if everything was moving well. In reply to a question the witness stated that the Ministries could not do liaison work on behalf of the undertakings. Certain sections of the Ministries looked after the problems of policy, etc. of the undertakings, but it was not Ministry's business to chase particular licences or particular problems on their behalf. He added that there was a grievance cell and anyone who had a grievance could move this cell and point out the delays, if any. But somebody had to come to that cell and say that a particular case had been delayed.

2.22. The Committee are not fully convinced with the arguments put forward by the representatives of selected undertakings/Ministries in favour of having separate officers for each undertaking in Delhi. As admitted by them the work required to be done was more or less of chasing the papers in Government departments for which specialised or technical knowledge was not required. The Committee, therefore, feel that there should be no insuperable difficulty in having a common liaison office for public undertakings in the same field of industry or under the same the Ministry. The Committee have noticed that a few undertakings are actually following this practice, viz., Neyveli Lignite Corporation are utilising liaison office of National Coal Development Corporation for their liaison work.

2.23. The Committee recommend that in the interest of economy combined liaison office for a group of undertakings in the same field or line of industry or under the same Ministry may be constituted.

D. Qualifications for Public Relations Officers

2.24. From the information supplied to the Committee, it is seen that most of the public undertakings including Air India, Indian Drugs & Pharmaceuticals Ltd.*, Life Insurance Corporation of India and Hindustan Steel Ltd.†, have not laid down specific qualifications and experience required for the top posts in Public Relations and Publicity departments.

*At the time of factual verification, it was stated by Air-India and IDPL that at the time of recruitment to the top posts in the Public Relations and Publicity Departments they keep in view that the persons appointed have journalistic and Press experience.

†At the time of factual verification, HSL stated that they had laid down specific qualifications for top posts.

2.25. The Director of Advertising and Visual Publicity during the evidence stated: "The Public relations staff in the public sector undertakings should be competent and talented enough and they should have the basic journalistic background. They should be advertising men with agency experience".

2.26. The representatives of National Council of Advertising Agencies during evidence stated that the public undertakings should appoint as Public Relations officers or Publicity officers or even Publicity assistants, persons with at least 5—10 years experience with some advertising agency. They also suggested that persons in these departments should be properly trained. They must know as to what advertising is and which media should be used for a particular campaign. They must know the difference between the casual and the contract list. They must know the size of the paper.

2.27. The Advertising Agencies Association of India have stated that the person who occupies the top position in the publicity/advertising department should have a thorough knowledge of marketing and understanding of advertising and how it worked. The top men should be imparted training preferably with an advertising agency to imbibe the principles of planning and to observe different skills of work. The advertisement manager need not do all the work himself but he must, like a conductor of the orchestra, have the knowledge and understanding to spot which of the instruments is out of tune.

2.28. The Life Insurance Corporation of India stated that the Public Relations Officer and the Assistant Secretary were promoted from the cadre of officers and no particular academic or other qualifications were prescribed. They felt that the Public Relations Officer should have experience of dealing with the public at all levels. Besides academic qualifications he should have knowledge of the requirements of the Sale Organisation and the types of campaigns and various media that would link with the cross sections of the public. He should also have a thorough knowledge of all the aspects of the working of the organisation.

2.29. During evidence the Chairman, Fertiliser Corporation of India stated that the qualifications which they had laid down were graduation with professional qualifications having 8—12 years experience of handling public relations work in a big organisation or journalistic experience in a newspaper or news agency.

2.30. According to the qualifications prescribed by the Indian Oil Corporation Ltd., the Public Relations Officer should be at least a graduate and should have 5 years experience either as a journalist in a reputed newspaper or as an officer in Public Relation/Publicity Department/

Commercial/Public Sector organisation. He should be up-to-date in general knowledge and current affairs with a flair for public speaking and writing in English. The Indian Oil Corporation Ltd. have suggested that the qualifications desirable for these posts should be a good educational background, rich experience in journalism or in handling different media of mass communications, wide contacts and a flair for writing and speaking.

2.31. Air India stated that the Public Relations Officer should possess a broad educational background covering such subjects as psychology, social sciences, political science and history with some experience in a well-known newspaper or publication and particularly a knowledge of the industry in which he is employed.

2.32. A view has also been expressed that the chiefs of these departments should be versatile individuals of more than ordinary ability and should be fully conversant with general business administration, economic conditions and the numerous management problems that confront the organisation for which they are working.

2.33. The Committee are of the view that the top men in publicity organisations should, apart from the academic qualifications and flair for writing and speaking, have 5 to 10 years experience with some advertising agency, newspaper or advertisement department. They should be able to visualise the publicity campaigns and provide the necessary directions to the service agency for projecting a message or creating a better public image or promoting sales of products and services.

2.34. In order to achieve this the Committee recommend that the minimum qualifications and experience required for the posts in the Public Relations and Publicity departments of the public undertakings may be laid down by Government in consultation with the Union Public Service Commission who have experience of recruiting such officers for commercial departments of Government. The advice of the expert committee recommended in para 2.12 may also be taken.

CHAPTER III

PUBLICITY

3.1. The function and objective of a publicity division/unit is to co-ordinate advertising with marketing. The main function of the Publicity or Advertising Manager is to understand the needs of the company which he serves. His main job would be to work in close cooperation with marketing/sales departments, to know :—

- (a) where are the markets;
- (b) who are the likely buyers of the products;
- (c) what media the Competitors are using;
- (d) what is the extent of competition against which his company's products are sold; and
- (e) what is the extent of advertising conducted by the competitors.

3.2. In the public sector undertakings a much more important objective of publicity is and should be to project and build up the image of the undertaking, to focus attention on the service rendered and convince the public that these undertakings are of the people and for the people.

A. Modes of Publicity

3.3. In any publicity campaign, the media to be employed will depend upon the product to be advertised and the segment of public and the regional areas to which it is to be directed. The selection of media, viz., newspapers, journals, radio, cinema, direct mailing, demonstration, exhibition etc. also depends on the market strategy of the advertiser. Hence a thorough survey of market conditions, consumer habits, existing competition and assessment of projects has to be made before planning a publicity campaign. There are certain products which can be advertised through press while others through outdoor publicity. In certain types of undertakings group discussions, seminars and conferences help in focussing attention of the general public on its activities.

3.4. The Committee noticed that the nine major undertakings whose representatives gave evidence before the Committee were using certain common modes of publicity, such as, press advertisements, press releases, briefings, conferences and interviews, feature articles, technical publications.

radio talks, films, direct mailing, display in show-rooms and show windows. Some of the undertakings like Air India, Fertilizer Corporation of India Ltd. also used television. Some others took part in Exhibitions within the country and abroad (e.g. IDPL, HMT, I.O.C.) and also adopted the method of group discussions, seminars and conferences (e.g. Air India, F.C.I.). Life insurance Corporation of India used advertisement films through public cinemas in all the regional languages, field publicity vans for rural areas, and villages, puppetery and Bhajan Mandalis. Indian Drugs and Pharmaceutical Limited also had a system of direct contact publicity through their trained representatives.

3.5. The Committee note that by and large the public undertakings are adopting all the available media for their publicity campaigns. The Committee, however, feel that the public undertakings should pay due attention to institutional publicity to project a better image of the services they are rendering to the public. They should also continuously analyse the effectiveness of their publicity media and campaigns in terms of sales promotion and projection of a better image of their products and service so as to channelise their limited resources to achieve the best results.

3.6. The Committee suggest that such a review may be made at the level of the management once a quarter and at the level of Board of Directors once a year.

B. Expenditure on Publicity

3.7. The budget allocation for Public Relations and Publicity departments in various enterprises would depend on their size and nature and extent of activities. There could, therefore, be no hard and fast rule and the amount required to be spent for optimum results would depend upon the kind of products and services offered by the undertaking, its relative importance in the general economic structure and its own sensitivity in matters of good public image and the result sought to be achieved.

3.8. In reply to a question only a few undertakings, that is, Air India, Fertilizer Corporation of India Ltd., Heavy Electrical (India) Ltd., Hindustan Machine Tools Ltd. and Hindustan Steel Ltd. furnished detailed information regarding the expenditure incurred on publicity. The percentage of expenditure on publicity to total revenue/sales in the case of some of the undertakings was as follows:—

Name of the Public Undertakings	% of Publicity Expenditure	
Air India	{ 1966-67 1967-68	6.2% } to revenue 6.1% }

Name of the Public Undertakings		% of Publicity Expenditure
HEL	. . . { 1966-67 1967-68	0.35% } 0.65% } to sales value
HMT	. . . { 1966-67 1967-68	0.12% } 0.13% } to sales
HSL	. . . 1967-68	0.07% to sales
IOC	. . . 1967-68	0.07% to total sales turnover
ITI	. . . { 1966-67 1967-68	0.06% } 0.06% } to sales.

3.9. Heavy Electricals (India) Ltd. expressed the view that expenditure on publicity to total turnover should be in the range of 1 to 2 per cent.

3.10. The Committee were informed by the representatives of Advertising Agencies during informal discussions and also during oral evidence that no specific formula could be laid down for the expenditure on publicity and advertising in any concern. This depended on several factors, like production and sales of the products, nature of competition in the market etc. However, there were certain guiding principles that indicated the ratio. The first method was, of course, the method of fixed percentage linked to total sales. This applied to products that were established in the market. The second method of budgeting for advertising was to work out profits for the previous three years and to assign a percentage of those profits for publicity expenditure. The third method was the TASK METHOD, which was related neither to sales/turnover nor to profits, but was actually tied up with the task a manufacturer wanted to achieve.

3.11. The Committee agree that it is not desirable to lay down any uniform ratio of expenditure on publicity for all the public undertakings, as they are engaged in different types of activities and their customers vary from a handful to lakhs. The Committee feel that it may be worthwhile to lay down certain broad guide lines and criteria for co-relating the expenditure to the total sales/revenue etc. for specific groups of undertakings after a thorough and a detailed study by some specialised agency.

The Committee suggest that this work may also be entrusted to the expert committee referred to in paragraph 2.12.

3.12. The Committee further recommend that the expenditure on Public Relations and Publicity should be shown separately in the accounts of the public undertakings. The expenditure on staff or establishment employed in the undertaking for this work should also be shown distinctly.

C. Agency for Publicity

3.13. The Committee were informed that the Central Economy Board had recommended as far back as April, 1959 that the autonomous government organisations should release their classified advertisements through the Directorate of Advertising and Visual Publicity "as a matter of routine" and their display advertisements through the Directorate "as far as practicable".

3.14. The Committee were further informed that in December, 1959, the Government, on a representation from the Indian and Eastern Newspaper Society and Advertising Agencies Association of India, agreed as a measure of encouragement to the Indian Advertising profession not to raise any objection to the commercially competitive public undertakings availing themselves of the services of the agencies approved by the Ministry of Information and Broadcasting for their display advertisements. The question as to which of the autonomous undertakings were commercially competitive for this purpose was to be decided by Government.

3.15. The Estimates Committee (1961-62) in their 158th Report on the Ministry of Information and Broadcasting made the following recommendations:—

"The Committee find that a number of Government undertakings/ organisations which are not commercially competitive are not routing their advertisements through the Directorate of Advertising and Visual Publicity. The centralisation of the work of advertising of autonomous government undertakings in the Directorate of Advertising and Visual Publicity would, on the one hand, further strengthen its bargaining position and on the other, secure concessional rates for the undertakings. The Committee fail to see why all the Government undertakings which are not of a commercially competitive nature, are not routing their advertisements through the Directorate of Advertising and Visual Publicity and thereby unnecessarily losing the benefit of concessional rates". (Para 17).

3.16. The Ministry of Information and Broadcasting requested all the Ministries of the Government of India in April, 1965 to apprise all commercially non-competitive public undertakings of the above recommendations of the Estimates Committee and to advise them to route their advertisements through the agency of Directorate of Advertising and Visual Publicity in order to get the benefit of concessional rate.

3.17. The Ministry of Industrial Development and Company Affairs (Department of Industrial Development) also addressed a letter to all the public undertakings under their control on 30th May, 1967 wherein it was stated:

“the Ministry of Information and Broadcasting have reached an understanding with the Indian and Eastern Newspaper Society that the Directorate of Advertising and Visual Publicity would not handle advertisements of autonomous bodies which are commercially competitive. But advertisements of commercially non-competitive bodies and other publicity campaigns could be handled effectively by the Directorate”.

3.18. The Ministry of Information and Broadcasting addressed a further communication in December, 1967 to all the Ministries of the Government of India requesting them to ask all the undertakings under their control to

- “(i) Consult the Directorate of Advertising and Visual Publicity in selecting their advertising agencies who will handle their accounts for the financial year beginning from April, 1968; and
- (ii) Set apart a suitable proportion of their advertising budget for advertisements in small and medium papers. The Directorate of Advertising and Visual Publicity maintains a comprehensive list of such papers and he will be glad to make available these lists to the public sector undertakings or their advertising agents for their reference and use in this connection.”

3.19. From the information furnished to the Committee, it is seen that at present only 17 public undertakings are routing their classified advertisements through the Directorate of Advertising and Visual Publicity and only three public undertakings are routing their display advertisements through the Directorate of Advertising and Visual Publicity (see Appendix II).

The majority of the remaining public undertakings are giving their publicity work to private advertising agencies.

3.20. During evidence in reply to a question whether all the publicity work including classified and display advertisements, of all the undertakings—commercially competitive or commercially non-competitive—could be centralised in the Directorate of Advertising and Visual Publicity, the representatives of selected undertakings stated that as most of the undertakings were engaged in competitive business, they should have complete freedom of choosing the agency through which to advertise. The representative of Heavy Electricals (India) Ltd. further stated that the commercially competitive undertakings were not required to route their advertisements through the Directorate of Advertising and Visual Publicity as stated in the circular letter issued by the Ministry of Industrial Development and Company Affairs in May, 1967.

3.21. The Chairman, Life Insurance Corporation of India and Fertilizer Corporation of India Ltd. stated that they were not aware of the directives. They further stated that routing of advertisements through the Directorate of Advertising and Visual Publicity would cause delays. They also stated that the time factor in the centralisation of advertising was very important.

3.22. The representative of Life Insurance Corporation of India also added that they had received a copy of the note dated the 11th April, 1959 by the then Cabinet Secretary, wherein it was stated that an attempt should be made by public undertakings to route classified advertisements through the Directorate of Advertising and Visual Publicity as a matter of routine and display advertisements as far as practicable. At that time they had sent a detailed reply to the Ministry of Finance stating the reasons for their inability to accept those recommendations.

3.23. The Chairman, Hindustan Steel Limited stated that according to his understanding no advertising agency including the Directorate of Advertising and Visual Publicity got any rebate or commission on classified advertisements. He further stated that dependence on the Directorate of Advertising and Visual Publicity was not workable as the advertisements would not be timely; and it would not provide prompt service. Therefore, it was necessary for the undertakings to have freedom to choose their own agencies from time to time as the undertakings did not bind themselves to one single agency.

3.24. The representative of Air India stated that they had consulted the Directorate of Advertising and Visual Publicity as early as 1956 and had pointed out to them the specialised requirements of Air India, which was advertising in nearly 40 countries of the world. At that time, the Directorate of Advertising and Visual Publicity told them that his agency was not geared to undertake competitive business of Air India and that they could handle it themselves. The representative of Air India further

stated that the final decision as to through which agency the advertisement should be routed rested with them as they wanted to get the maximum value from their advertisements.

3.25. The representatives of selected Ministries during their evidence before the Committee were generally of the view that they would be hesitant to centralise the entire publicity of all the public undertakings under the Government of India in the Directorate of Advertising and Visual Publicity. They had already exhorted the public undertakings to use the Directorate of Advertising and Visual Publicity as much as possible. To give the Directorate of Advertising and Visual Publicity complete monopoly for publicity of all the undertakings in their opinion might not be desirable.

3.26. The Secretary, Ministry of Finance stated that as far as Life Insurance Corporation of India, which came under his charge, was concerned, they got certain instructions in 1959 to make use of the Directorate of Advertising and Visual Publicity for both classified and display advertisements. As most of the classified advertisements were issued by Zonal/ Divisional Offices of the Life Insurance Corporation of India and also that the Directorate of Advertising and Visual Publicity did not get concessional rates for classified advertisements they expressed their grave doubts whether it would be possible to centralise all the advertising done by the Life Insurance Corporation of India in one place at Delhi. He further added that this centralisation would lead to some demands for a mammoth organisation, a very large staff for the Directorate of Advertising and Visual Publicity which ultimately might not be worth the trouble, as a central organisation might not also lead to the same efficiency. The Secretary, Ministry of Finance also stated that the public undertakings should be allowed, if they had valid reasons to think so, to exercise their discretion as to where they should put their advertisements. Further, Life Insurance Corporation of India had a dispersed organisation and they were regionalising publicity. For this reason, also they would be in a better position to implement their programme through regional advertising agencies with whom they could deal directly rather than having a centralised agency like the Directorate of Advertising and Visual Publicity.

3.27. The Secretary, Ministry of Industrial Development and Company Affairs stated that they had issued a circular to all the undertakings in May, 1967 informing them that the Directorate of Advertising and Visual Publicity would not handle advertisements of autonomous bodies which were commercially competitive but advertisements of commercially non-competitive bodies and other publicity campaigns could be handled effectively by that Directorate. Therefore, the commercially non-competitive undertakings were asked to use the Directorate of Advertising and Visual Publicity.

city as much as possible. He further stated that according to his understanding as far as classified advertisements were concerned, the Directorate did not get a great deal of concession but on display advertisements they got a substantial concession.

3.28. In reply to a question the representative of the Ministry of Information and Broadcasting stated:

“the Directorate of Advertisement and Visual Publicity as at present constituted with the existing staff will not be able to handle all these advertisements of all the public undertakings all of a sudden. But if this work was assigned to the Directorate of Advertising and Visual Publicity over a period of time, and meanwhile the strength of the Directorate of Advertising and Visual Publicity is augmented at the headquarters and also at the metropolitan cities and other state capitals, then it should be possible for it to handle all this”.

“A letter was issued some time back from the Ministry to the private agencies. There an undertaking was given more or less from the Ministry on December 9, 1959 that for display advertisements of commercially competitive undertakings, the Directorate of Advertising and Visual Publicity will not enter into competition with them”.

“But the Directorate of Advertising and Visual Publicity, if and when it takes up this work, will be charging all such companies 13 per cent departmental charges. Within that 13 per cent, the Directorate of Advertising and Visual Publicity, it would not be wrong to assume, will probably be able to manage all the extra expenditure. But this is a very tentative opinion”.

“The question has to be studied in depth after getting all the relevant data”.

3.29. The Secretary, Ministry of Petroleum and Chemicals stated that when the circular of December, 1967 of the Ministry of Information and Broadcasting was received by them, they examined the question in consultation with the Directorate of Advertising and Visual Publicity and it was agreed that the Directorate of Advertising and Visual Publicity would not handle advertisements of the autonomous bodies. It was contended at that time that those autonomous bodies should have flexibility and freedom to do their advertisements in their own way. It was also agreed that that would be particularly true in the case of all those undertakings which were commercially competitive.

3.30. The Secretary of the Ministry of Steel and Heavy Engineering expressed the view that the autonomy of the corporations should be respect-

ed. They had drawn the attention of the public sector undertakings to the instructions issued from time to time by the Ministry of Information and Broadcasting and he felt that they should not go beyond that. He further added that one of the accepted principles of the Government was that the undertakings should be left free to decide such matters of internal administration. He reiterated the views expressed by his colleagues that it would be difficult for all the undertakings scattered all over India to consult the Directorate of Advertising and Visual Publicity also in all cases because of the distance, as the Directorate did not have regional offices at places like Calcutta, Ranchi, etc. He was also of the opinion that Government should not issue a formal directive to the undertakings.

3.31. The Secretary, Ministry of Tourism and Civil Aviation, stated that the public sector undertakings were competitive in character and none of them could be called non-competitive. It was, therefore, very difficult to delegate all such advertising functions to the Directorate of Advertising and Visual Publicity. He further stated that even in the case of commercially non-competitive organisations like the Indian Airlines and India Tourism Development Corporation, the kind of advertisements those organisations issued through papers were of a very superior quality and this was done with greater promptness than the Directorate of Advertising and Visual Publicity could do with the limited staff.

3.32. The Director of Advertising and Visual Publicity during evidence stated :

“The Indian and Eastern Newspaper Society wrote to the Government that the Directorate of Advertising and Visual Publicity should not handle their accounts and if they do so they will advise their member-newspapers not to give 15 per cent commission.”

“I & B Secretary, agreed that the Directorate of Advertising and Visual Publicity should keep out of these commercially competitive bodies and the advertising agencies should handle”.

He further stated that the commercially competitive public undertakings were required to select their advertising agencies from a panel of such agencies maintained by him and the public undertaking should consult the Directorate of Advertising and Visual Publicity for releasing their advertisements to the newspapers. The Directorate of Advertising and Visual Publicity informed the Committee that only 17 public undertakings had been releasing their classified advertisements through him and the other undertakings were giving their work direct to private agencies. He further stated that he got “minimum contract rate” from the newspapers for classified as well as display advertisements and on display advertisements he got a commission of 15 per cent on this “minimum contract rate”. The public undertakings were required to pay the departmental charges to the Directo-

rate of Advertising and Visual Publicity which varied from year to year and which were at present 13 per cent to 14 per cent. Thus, there would be a net saving of 1 to 2 per cent to the public undertakings if they routed their advertisements through the Directorate of Advertising and Visual Publicity. He added that the private advertising agencies also got 15 per cent commission from the newspapers and in addition they charged the undertakings for design, art work, copy writing etc. The Directorate of Advertising and Visual Publicity however, did not charge anything for such work. The Directorate of Advertising and Visual Publicity in reply to a question whether he could handle the publicity work of all public undertakings, further stated:

“Certainly I can handle because by handling them, I can expand, employ more artists, etc.”

“I can provide better service and as far as the expansion of this Organisation is concerned there would not be any problem because from the service charges I earn I will be able to increase the staff and expand the organisation.”

In reply to another question, whether he could secure additional space in the newspapers for the advertisements of Public undertakings even at a short notice, the Director replied in the affirmative and stated :

“The space will be available.” *****“We have not experienced any difficulty with regard to this. We can secure the additional space if we handle the public sector advertisements.”

3.33. The Secretary, Ministry of Information and Broadcasting in a note submitted to the Committee stated:

“If the appropriate decisions are taken now in the matter, the Directorate of Advertising and Visual Publicity will build up its own capacity so that more and more advertising of the public undertakings could be given directly by it to newspapers etc. instead of routing them through Indian Advertising Agencies. This can be done in a phased manner so as not to cause undue hardship to the Indian agencies as the total volume of advertising business is expected to double over the next five years”.

3.34. According to the Government, the following were some of the advantages in the Directorate of Advertising and Visual Publicity handling the advertising work of the public undertakings:

“(i) Directorate of Advertising and Visual Publicity, as a bulk buyer of space, has the lowest display rate as a uniform flat rate with newspapers applicable for both display and classified advertisements, whereas private advertisers have to pay for

classified advertisements much different rates which are higher than the rates applicable for display advertisements. In addition, the private agencies pay a higher rate for special positions and for placement of advertisements on Sunday's and in Supplements.

- (ii) The 15 per cent commission earned on display advertisements is passed on by the Directorate of Advertising and Visual Publicity to the clients, while only 13 per cent service charges are recovered from the clients; whereas the 15 per cent commission will be retained by the private agencies.
- (iii) Directorate of Advertising and Visual Publicity does not charge any royalty, etc. for designing, copy preparation, visualisation, etc. They are free. Agencies charge for these items in addition to 15 per cent.
- (iv) Directorate of Advertising and Visual Publicity does not charge any incidental expenses like T.A., D.A. etc. regarding tours undertaken in connection with the clients' work such as research, copy-testing, etc.
- (v) Directorate of Advertising and Visual Publicity charges for process materials such as block, stereo, matrico, etc. are about 40 per cent less than the charges levied by private agencies".

3.35. The Ministry of Information and Broadcasting further stated :—

“The Directorate of Advertising and Visual Publicity has good studio facilities and art sections as any other leading advertising agency. It has elaborate production and distribution arrangements for printed publicity material”.

3.36. The Committee were informed during evidence that there had been no complaint about the work entrusted to the Directorate of Advertising and Visual Publicity.

3.37. The representatives of private Advertising Agencies during their evidence before the Committee and in informal discussions expressed the view that the Directorate of Advertising and Visual Publicity was a big organisation having all the facilities and competent men but being a Government organisation there were likely to be delays due to Government procedures and the quality might not also be upto the mark. In advertising the time factor was extremely important and the Directorate of Advertising and Visual Publicity might not be able to get things done with required speed and efficiency.

3.38. In reply to a question whether a common publicity organisation for all the public undertakings or for a group of public undertakings in the same line or field of industry was feasible, the majority of the undertakings expressed the view that such an organisation would not be practicable as the publicity work was different in different undertakings. In a competitive world publicity of an individual undertaking required originality and imagination which a common organisation serving all industries in the same field or all industries in many fields could never provide.

3.39. The Ministry of Information and Broadcasting in their O.M. dated the 2nd April, 1965 had instructed that commercially non-competitive undertakings should route their advertisements through the Directorate of Advertising and Visual Publicity in order to get the benefit of the concessional rates. The Committee find that a small percentage of the undertakings are only complying with these instructions. The Ministries have neither taken any positive steps for compliance of these instructions by the undertakings nor watched the progress of implementation of these instructions by the undertakings that are following them. The Committee recommend that Government should ensure the implementation of these instructions by all the commercially non-competitive public undertakings. The progress of implementation of these instructions should also be periodically reviewed by the administrative Ministries in order to see their compliance and also to remove any difficulties that might be encountered by the undertakings in carrying out these instructions.

3.40. Regarding the commercially competitive undertakings, the Committee feel that they should also, as far as possible and practicable, use the agency of the Directorate of Advertising and Visual Publicity for their Advertisements.

They should select the private advertising agencies for handling their publicity work out of the panel of the approved advertising agencies maintained by the Directorate of Advertising and Visual Publicity under the instructions of Government. While sending their enquiries for display advertisement and other publicity work to private advertising agencies they should endorse a copy thereof to the Directorate of Advertising & Visual Publicity in order to enable him to send his quotations if in case he is able to undertake the work.

3.41. The Committee feel that greater emphasis needs to be laid on institutional publicity for educating the general masses particularly in the rural areas where most of the population lives, about the aims, objects and achievements of the public sector undertakings. This goal can best be achieved if this work is entrusted to a single centralised agency. The Committee hope that the Directorate of Advertising and Visual Publicity which possess the necessary expertise and experience would be able to give the

requisite satisfaction and project a proper image of the public sector. For this purpose, as has been pointed out by the Committee in the subsequent chapter, greater use will have to be made of the regional and language newspapers in the small and medium categories.

3.42. It hardly needs to be emphasised that the Directorate of Advertising and Visual Publicity also should improve its quality of service so as to win the confidence of its customers through competitive rates and quality of work.

D. Foreign-owned or controlled Advertising Agencies

3.43. The Rajya Sabha passed the following resolution on the 4th May, 1956 regarding foreign-owned and foreign-controlled advertising agencies :—

“That having regard to the stronghold of foreign-owned and foreign-controlled advertising agencies in the business of advertising in the country; this House is of opinion that with a view to encourage Indian controlled and owned advertising agencies, Government should show preference to Indian-controlled and Indian-owned advertising agencies in the matter of advertising done by Railways, Government Companies, Statutory Corporations, Public Service Commissions and such other concerns including advertising done by Government in general.”

3.44. In pursuance of the Rajya Sabha Resolution, the Government of India laid down in September, 1956 the following directive principles in the matter of advertising by the nationalised undertakings, statutory bodies, autonomous corporations etc :—

- (i) While releasing advertisements through advertising agencies; preference should be shown to India advertising agencies;
- (ii) In giving business to Indian Advertising Agencies, the selection should be confined to the panel prepared from time to time by the Director of Advertising and Visual Publicity on the basis of standard and extent of their business.”

The above directive principles were circulated by the Ministry of Information and Broadcasting to all the Ministries of the Government of India and the Ministries were asked to issue suitable instructions to the undertakings concerned under their administrative control. The Ministries were also requested to send an Annual Review of the implementation of the above principles to the Ministry of Information and Broadcasting at the beginning of each financial year.

3.45. The Ministry of Information and Broadcasting addressed a further communication to all the Ministries of the Government of India in December, 1967 to ask all the public undertakings under their control to consult the Directorate of Advertising and Visual Publicity in selecting their advertising agencies who would handle their accounts for the financial year beginning from April, 1968.

3.46. From the information supplied to the Committee, it has been seen that only a few undertakings have furnished particulars of the private advertising agencies through which they were routing their advertisements.

3.47. During evidence the Chairman, Life Insurance Corporation of India stated :—

“The circular of 1956 was issued probably before we were born. Anyway I am not aware of this circular.”

In reply to the question whether the selection of private advertising agencies was confined to the panel of such agencies prepared by the Directorate of Advertising and Visual Publicity from time to time, the Chairman, Life Insurance Corporation of India stated :—

“We have five agencies and four are from the panel of Directorate of Advertising and Visual Publicity. One of them who is not in the panel was doing advertising for the erstwhile insurance companies for the last 25 years and their record was very good. Therefore, that agency continues.”

3.48. The Heavy Electricals (India) Ltd. stated in a note that they were advised in February, 1968 to consult the Directorate of Advertising and Visual Publicity in selecting the advertising agencies and they had been following this advice.

3.49. When the attention of representatives of selected undertakings was drawn to the directive principles laid down in 1956 for showing preference to Indian advertising agencies, the Chairman, Fertilizer Corporation of India stated:

“We are not aware of this circular. In fact I was wondering about it. May be we have not received this particular circular. Therefore we have drawn up our own panels and we are not guided by anything.”

3.50. The Chairman, Hindustan Steel Limited said that it was necessary for them to have the freedom to choose their agencies as they did not stick to one single agency.

3.51. The representatives of the Ministries stated during evidence that they were aware of the instructions issued from time to time by the Ministry of Information and Broadcasting regarding routing of advertisements by the public undertakings through Indian-owned or Indian-controlled advertising agencies and they had also conveyed the same to the undertakings.

3.52. The Secretary, Petroleum and Chemicals stated:—

“When this circular of Ministry of Information and Broadcasting was issued in December, 1967, it was examined in this Ministry and in consultation with the Directorate of Advertising and Visual Publicity it was agreed that they will not handle advertisements of the autonomous bodies.”

“We also do not see the need for the public sector undertakings to consult the Directorate of Advertising and Visual Publicity in selecting their advertising agencies.”

“They have used the list of approved newspapers that was furnished by the Directorate of Advertising and Visual Publicity but very seldom it has been felt necessary to consult Directorate of Advertising and Visual Publicity in regard to any advertising.”

3.53. The Secretary, Ministry of Information and Broadcasting stated that they had not been getting any annual reviews from the undertakings/ministries in regard to implementation of the directive principles laid down in 1956 and reiterated in 1967 for showing preference to the Indian Advertising Agencies.

3.54. During evidence the Directorate of Advertising and Visual Publicity stated:—

“Unfortunately some of the public sector undertakings had been patronising foreign advertising agencies.”

“The I. & B. Ministry have pointed out that Indian advertising agencies should largely be used. A year ago we wrote to all the Secretaries of the Government of India. The foreign-owned advertising agencies converted themselves into Indian-owned agencies.”

He further stated that if the public undertakings consulted him for selection of their advertising agencies, he could see that their accounts were entrusted to an efficient advertising agency who might have the necessary resources.

3.55. As the undertakings did not furnish detailed information regarding the expenditure on advertisements which were routed through private advertising agencies it was not possible for the Committee to form an idea

as to how much of the total advertisements still went through the foreign collaborated agencies. It was, however, stated by the Ministry of Information and Broadcasting :

“according to unofficial estimates about 60 per cent of the advertisements of public sector undertakings are still canalised through foreign collaborated advertising agencies.”

3.56. The Committee regret to note that the Government have not ensured systematic compliance of the instructions issued by them in September, 1956 in pursuance of the Rajya Sabha Resolution directing the public undertakings to show preference to Indian-owned or Indian-controlled advertising agencies. It appears that most of the undertakings were not even aware of the instructions issued by the Government.

3.57. The Committee, therefore, recommend that the existing policy in regard to showing preference to Indian-owned and Indian-controlled agencies in the matter of releasing advertisements by the public undertakings and also that the advertising agencies should be selected from the panel of such approved agencies prepared by the Directorate of Advertising and Visual Publicity from time to time, should be again specifically brought to the notice of all the public undertakings for implementation.

3.58. The Committee regret to note that the Ministries have not been sending Annual Reviews to the Ministry of Information and Broadcasting regarding the implementation of instructions issued by it in pursuance of the resolution passed by the Rajya Sabha in 1956.

3.59. The Committee further regret that the Ministry of Information and Broadcasting after issuing the instructions failed to watch their implementation or take any step to effect their compliance.

3.60. The Committee recommend that the public undertakings should furnish yearly reports to the controlling administrative ministries indicating therein as to how far they had implemented these instructions. The Ministries in their turn should send those reports to the Ministry of Information and Broadcasting who should highlight the conclusions in their Annual Report.

CHAPTER IV

ADVERTISING IN NEWSPAPERS

4.1. The Ministry of Information and Broadcasting in a note circulated to all the Ministries on the 29th September, 1956, communicated the following directive principles which were to be followed by all the public undertakings in the matter of advertising:

“In giving advertisements to newspapers the general policy in respect of such advertising as has been settled by the Ministry of Information and Broadcasting with reference to circulation, standards of production, journalistic standards, should be followed. The details may be obtained from the Director of Advertising and Visual Publicity.”

“Keeping in view the individual need of each organisation, increased use should be made of Indian language newspapers for advertisements.”

“An annual review of the implementation of these principles should be sent to the Ministry of Information and Broadcasting at the beginning of each financial year.”

4.2. The Estimates Committee (1961-62) in their 158th Report on the Ministry of Information and Broadcasting had made the following recommendation :

“While recognising that all advertisement insertions have to be guided by the type of reading public to be reached, the Committee feel that there is further scope for making increasing use of language papers, particularly, for display advertisements of autonomous bodies.”

Para 14.

4.3. The Ministry of Information and Broadcasting in their letter dated the 30th December, 1967 addressed to all the Ministries had requested that the public undertakings should “set apart a suitable proportion of their advertising budget for advertisements in the small and medium papers. The Directorate of Advertising & Visual Publicity maintains a comprehensive list of such papers and he will be glad to make available these lists to the public undertakings or their advertising agents for their reference and use in this connection.”

4.4. One of the objects of this examination by the Committee was to find out as to what extent the above principles and instructions were being followed by the public undertakings. From the replies received by the Committee it was seen that the percentage of expenditure on advertisements given by the undertakings to the Hindi and other regional language newspapers was still very low. The information furnished by some of the undertakings is tabulated below:

Name of the Public Undertakings	% of Exp. on advt. in English Newspapers	% of Exp. on Advt. in Regional/ Language Newspapers
Air India	75%	25%
Bharat Heavy Electricals Ltd.	90%	10%
Bharat Heavy Electricals Ltd. Hardwar	65%	35%
Heavy Electrical (I) Ltd.	93%	7%
Hindustan Aeronautics Ltd.	58%	42%
Hindustan Steel Ltd.	66-2/3%	33-1/3%
Indian Drugs & Pharmaceuticals Ltd.	98%	2%
Indian Oil Corporation Ltd.	59%	41%
Life Insurance Corporation	39%	61%

4.5. The undertakings, except for two, did not furnish information regarding the percentage of expenditure incurred on advertisements given to small and medium newspapers.

4.6. During evidence the Director of Advertising and Visual Publicity stated "Government instructions are that we should make increasing use of small and medium newspapers in regard to classified and display advertisements. In respect of display advertisements we have largely achieved this. But in regard to classified advertisements because of the insistence of the clients sometimes very justifiable insistence that some of their advertisements for tender notices running into lakhs and crores of rupees should appear in larger number of newspapers, we are forced to give them to big newspapers, but even there we have reduced the quantum of such advertisements and diversified them to small and medium newspapers." He further stated that a small newspaper was that which had a circulation of upto 15,000; medium between 15,000 and 50,000, and big newspaper was with a circulation of above 50,000.

4.7. The Director of Advertisement and Visual Publicity informed the Committee that he had no definite information as to whether the public undertakings were setting apart a specific budget for giving advertisements to small and medium papers. The table below indicates the break up of expenditure incurred by Directorate of Advertisements and Visual Publicity in 1967-68 on advertisements in language newspapers and small and medium newspapers :

	Language newspapers	Small and medium newspapers
Classified advertisements . . .	37.61%	33%
Display advertisements . . .	63.10%	56%

4.8. The Directorate of Advertisements and Visual Publicity also stated "there are certain advertisements which are left to the local regions. In that region those are given to the small and medium newspapers." He added that for advertisements they generally selected the newspapers in consultation with their clients.

4.9. In a note subsequently furnished to the Committee, the Directorate of Advertisement and Visual Publicity expressed the view that one of the reasons for the undertakings not making increased use of small and medium and language newspapers was that they released their advertisements through private advertising agencies. He added "private advertising agencies generally go by 'pulling power' and ignore small and medium papers who in the changed context serve better the small towns and villages where the penetration value of the metropolitan papers are limited". He further stated "DAVP's taking over the accounts of autonomous bodies and the public sector undertakings would certainly be welcomed by non-monopolistic press, especially language press, who will immediately benefit out of it."

4.10. The representatives of the National Advertising Council of India New Delhi stated during evidence that the English newspapers were the most important media today and therefore 60 per cent of advertisements went to the English newspapers while 10 per cent went to the Hindi and about 15 per cent went to regional newspapers. It was however, stated that the above figures were in terms of expenditure, but the position would be different in terms of space utilised in various categories of newspapers. The reason for this was that the advertisement rates of English newspapers were 5 to 10 times more than the rates charged by the Hindi and the regional language newspapers.

4.11. The Life Insurance Corporation of India in a note submitted to the Committee stated "There have been no directives or instructions from Government in regard to giving of advertisements to small, medium and big newspapers and Hindi, language and regional newspapers." They further stated "The policy of the Government in this regard has been conveyed to us and it has been suggested that the Corporation may set apart a suitable proportion of its advertising budget for advertisements in the small and medium newspapers. It was further stated that they had been going in more for the regional and language papers which were comparatively medium and small in size for their press publicity, to spread the message of life insurance in every nook and corner of the country and also among different strata of the society.

4.12. During evidence the representative of Heavy Electricals (India) Ltd. stated that the figures of advertisements in English and Hindi/regional language newspapers were a little misleading because the charges of the two were very different. The charges of English newspapers were many times higher than those of Hindi/regional language newspapers.

4.13. The Fertilizer Corporation of India Ltd. also stated "we are not aware of any directives or instructions from Government in regard to giving of advertisements to (i) small/medium/big newspapers and (ii) Hindi/language/regional newspapers."

4.14. The Indian Oil Corporation Ltd., in reply to a question whether they had received any directives or instructions from Government in regard to giving of advertisements to (i) small, medium and big newspapers, and (ii) Hindi/regional language newspapers stated :

"We have not received any directions from the Government so far." In reply to another question whether they were aware of Government policy in this regard, they stated "Government policy, as we understand is that the small and medium newspapers and also the language papers should be encouraged. Although we have done so, as far as possible, we have to take these decisions, keeping in view that we are a commercial undertaking and expect maximum returns on the expenditure incurred on advertising."

4.15. Air India informed the Committee that they had with the approval of the Government laid down in 1959 certain general principles guiding advertising policy in newspapers i.e. English, Hindi and regional language and small, medium and big newspapers. The considerations on which the advertisements were given were circulation, regularity in publication, class of readership, production standards, language and areas. They also stated "our choice of newspapers and periodicals is further influenced by the allocation of funds as also the willingness of the publi-

shers to accept advertisements against International Transportation on our services towards advertisement charges our advertising in the newspapers is based on the coverage and the commercial benefits likely to be obtained. The proportion of expenditure in respect of the Hindi and other language newspapers is comparatively small. Most of the language newspapers do not agree to transportation contract arrangements. This restricts the size of the advertising in them as our cash allocation is limited. Subject to the above the selection of language newspaper is made primarily on the basis of the exposure which is intended to be obtained". Air India further stated "We have not received any directives from the Government regarding advertising in small, medium and big newspapers, in Hindi and other language media".

4.16. During evidence the Secretary, Ministry of Finance, stated that it was not possible to have a common standard for all the undertakings. The position would have to be different in different undertakings and the position might change from time to time. He further gave the following figures regarding percentage of expenditure on advertisements in newspapers by the LIC:—

English Newspapers	...	50%
Hindi	..	14%
Other languages	..	36%
Big Newspapers	..	55%
Medium	..	22%
Small	..	23%

In reply to a question as to what steps the Government have taken to ensure compliance of the directive principles laid down in 1956 for making increasing use of Hindi and other language/regional newspapers, the Secretary, Ministry of Finance he stated:

"We asked for a report from the LIC. We got the report that they were complying with this direction".

4.17. During evidence the Secretary, Ministry of Industrial Development, Internal Trade and Company Affairs, stated that directives were issued that the undertakings should publicize in the smaller and language papers but no percentage was fixed. They had sent copies of the Government instructions to all the undertakings but no compliance reports were asked for.

He also stated that they had not suggested any budget allocation for this purpose. He expressed the view that if the frequency of advertisements was the criterion, the position was not so bad.

4.18. The Ministry of Petroleum and Chemicals stated in a note that the undertakings under their control gave advertisements both to English and Hindi/regional papers depending on the coverage required. The higher expenditure on advertisements released to English papers was also due to their advertisement rates being higher than those charged by the Hindi/Regional language papers. No formal directive in this regard had been issued to the undertakings as it was felt that commercially competitive undertakings should be left free to decide such matters. The suggestion that the public sector undertakings should set apart a suitable proportion of their advertising budget for advertisements in the small and medium newspapers were examined by the erstwhile Ministry of Petroleum and Chemicals in January, 1968. It was considered that the aim of the undertakings was to get maximum coverage etc. with the least expense and that commercially competitive undertakings should be left free to decide whether or not to set apart any proportion of their advertising budget for advertisements in the small and medium papers. This was explained to the Ministry of Information and Broadcasting. In reply to the question whether the Ministries were obtaining reports from the public undertakings with regard to setting apart a suitable proportion of their advertising budget for advertisements in the small and medium newspapers, the Ministry of Petroleum and Chemicals and Mines & Metals stated:

“No reports are being obtained from the undertakings under the Department of Petroleum & Chemicals in this behalf.”

4.19. The Secretary, Ministry of Steel and Heavy Engineering, stated that they had sent copies of the Government instructions to the public undertakings. It was not issued in the form of a direction but they brought the instructions to the notice of the undertakings.

4.20. The Committee are surprised to find from the replies given by some of the important undertakings that they were not aware of the instructions and policies of the Government in regard to making increased use of the Hindi/language or regional newspapers, and setting apart of a suitable amount of budget for giving advertisements to small and medium newspapers.

4.21. This would indicate that no effective steps have been taken by the Government and the undertakings to implement the policy of the Government.

4.22. The Committee, therefore, recommend that the existing policy in regard to making increasing use of Hindi and regional language newspapers for advertisements should be brought to the notice of all the public undertakings who should be directed to follow it.

4.23. The Committee feel that, institutional publicity can be well done through such newspapers without in anyway affecting the business interests of the undertakings. The Hindi and regional language newspapers may be used more for display advertisements in the case of the undertakings which have to reach the rural and regional areas for popularising their products or services.

4.24. The Committee also recommend that the desirability of fixing of a minimum percentage of advertisements, in terms of value as well as space, to be given to small and medium newspapers by all the undertakings might be examined. The percentage, if fixed, might be reviewed from time to time taking into consideration the increasing circulation of regional and language newspapers.

4.25. The Committee further recommend that all the undertakings should mention in their annual reports the extent to which they had implemented the Government policies. The Ministries on their part should also keep a closer watch to ensure that the Government policies are being followed by the undertakings not only in letter but also in spirit. The Ministries should furnish reports to the Ministry of Information and Broadcasting who should review the matter thoroughly and state the conclusions in their Annual Report.

NEW DELHI;
April 26, 1969.

G. S. DHILLON,
Chairman,
Committee on Public Undertakings.

Vaisakha 6, 1891 (S).

APPENDIX I

List of Public Undertakings from which replies to the Questionnaire were received upto the time of oral evidence.

1. Air India.
2. Bharat Aluminium Co. Ltd.
3. Bharat Electronics Ltd.
4. Bharat Heavy Electricals Ltd.
5. Bharat Heavy Plates and Vessels Ltd.
6. Bokaro Steel Ltd.
7. Central Inland Water Transport Corporation Ltd.
8. Central Fisheries Corporation Ltd.
9. The Central Road Transport Corporation Ltd.
10. Central Warehousing Corporation.
11. Electronics Corporation of India Ltd.
12. Engineers India Ltd.
13. Export Credit and Guarantee Corporation Ltd.
14. The Fertilizer Corporation of India Ltd.
15. Film Finance Corporation Ltd.
16. Heavy Electricals (India) Ltd.
17. Heavy Engineering Corporation Ltd.
18. Hindustan Aeronautics Ltd.
19. Hindustan Housing Factory Ltd.
20. Hindustan Machine Tools Ltd.
21. Hindustan Shipyard Ltd.
22. Hindustan Steel Ltd.
23. Hindustan Steelworks Construction Ltd

24. Hindustan Teleprinters Ltd.
25. Hindustan Zinc Ltd.
26. Indian Drugs and Pharmaceuticals Ltd.
27. Industrial Finance Corporation of India.
28. Indian Oil Corporation Ltd.
29. Indian Rare Earths Ltd.
30. Indian Telephone Industries Ltd.
31. Instrumentation Ltd.
32. Life Insurance Corporation of India.
33. Machine Tool Corporation of India Ltd.
34. Minerals and Metals Trading Corporation of India Ltd.
35. Modern Bakeries Ltd.
36. National Buildings Construction Corporation Ltd.
37. National Industrial Development Corporation Ltd.
38. National Mineral Development Corporation Ltd.
39. National Seeds Corporation Ltd.
40. Neyveli Lignite Corporation Ltd.
41. Pyrites and Chemicals Development Co. Ltd.
42. Rehabilitation Industries Corporation Ltd.
43. Tungabhadra Steel Projects Ltd.
44. Uranium Corporation of India Ltd.

APPENDIX II

List of Public Undertakings which were routing their advertisements through the Directorate of Advertising and Visual Publicity.

(CLASSIFIED)

1. Central Warehousing Corpn.
2. Hindustan Shipyard.
3. Hindustan Sambhar Salts.
4. Indian Rare Earths Ltd.
5. National Projects Constn. Corporation.
6. National Research Dev. Corporation.
7. National Newsprint and Paper Mills.
8. National Industrial Dev. Corporation.
9. Oil and Natural Gas Commission.
10. National Small Industries Corporation.
11. Pyrites and Chemicals, Dhanbad.
12. National Instruments Ltd. Calcutta.
13. National Mineral Dev. Corpn. Ltd.
14. Electronics Corporation of India.
15. Handicrafts and Handlooms Export Corpn.
16. Industrial Finance Corpn.
17. Heavy Engineering Corporation, Ranchi.

(DISPLAY)

1. Industrial Finance Corporation.
2. National Small Industries Corporation.
3. Export Credit Guarantee Corporation.

v

APPENDIX III

Summary of Conclusions/Recommendations contained in the Report.

S. No.	Reference to para No. of the Report	Summary of Conclusions/Recommendations
1	2	3
1	1.3	The Committee regret to note that replies to the questionnaire had been received upto the time of oral evidence only from 44 undertakings mentioned in Appendix I. The examination of the subject would have been more purposeful if the replies from all the undertakings had been received. The Committee expect that in future the public undertakings would promptly supply the information desired by the Committee.
2	2.10	The Committee feel that conference of Public Relations Officers ought to be held periodically, say once in three years. Conclusions reached ought to be circulated to the Ministries/undertakings and where necessary follow-up action ought to be initiated.
3	2.12	The Committee recommend that an expert committee should be appointed to make a detailed study of the organisational structure of the Public Relations and Publicity units in the public undertakings and suggest guide-lines for the set-up of such an organisation keeping in view the need to inform the public not only of the products marketed but also the functioning of the undertaking. The set-up should be businesslike and

The Committee are of the view that the top men in publicity organisations should, apart from the academic qualifications and flair for writing and speaking, have 5 to 10 years experience with some advertising agency, newspaper or advertisement department. They should be able to visualise the publicity campaigns and provide the necessary directions to the service agency for projecting a message or creating a better public image or promoting sales of products and services.

In order to achieve this the Committee recommend that the minimum qualifications and experience required for the posts in the Public Relations and Publicity departments of the public undertakings may be laid down by Government in consultation with the Union Public Service Commission who have experience of recruiting such officers for commercial departments of Government. The advice of the expert Committee recommended in para 2.12 may also be taken.

The Committee note that by and large the public undertakings are adopting all the available media for their publicity campaigns. The Committee, however, feel that the public undertakings should pay due attention to institutional publicity to project a better image of the services they are rendering to the public. They should also continuously analyse the effectiveness of their publicity media and campaigns in terms of sales promotion and projection of a better image of their products and service so as to channelise their limited resources to achieve the best results.

The Committee suggest that such a review may be made at the level of the management once a quarter and at the level of Board of Directors once a year.

10

The Committee agree that it is not desirable to lay down any uniform ratio of expenditure on publicity for all the public undertakings, as they are engaged in different types of activities and their customers vary from a handful to lakhs. The Committee feel that it may be worthwhile to lay down certain broad guide lines and criteria for co-ordinating the expenditure to the total sales/revenue etc. for specific groups of undertakings after a thorough and a detailed study by some specialised agency. The Committee suggest that this work may also be entrusted to the expert Committee referred to in paragraph 2.12.

11

3.12

The Committee further recommend that the expenditure on public Relations and Publicity should be shown separately in the accounts of the public undertakings. The expenditure on staff or establishment employed in the undertaking for this work should also be shown distinctly.

12

3.39

The Ministry of Information and Broadcasting in their O.M. dated the 2nd April, 1965 had instructed that commercially non-competitive undertakings should route their advertisements through the Directorate of Advertising and Visual Publicity in order to get the benefit of the concessional rates. The Committee find that a small percentage of the undertakings are only complying with these instructions. The Ministries have neither taken any positive steps for compliance of these instructions by the undertakings nor watched the progress of implementation of these instructions by the undertakings that are following them. The Committee recommend that Government should ensure the implementation of these instruc-

tions by all the commercially non-competitive public undertakings. The progress of implementation of these instructions should also be periodically reviewed by the administrative Ministries in order to see their compliance and also to remove any difficulties that might be encountered by the undertakings in carrying out these instructions.

13

3.40

Regarding the commercially competitive undertakings, the Committee feel that they should also, as far as possible and practicable, use the agency of the Directorate of Advertising and Visual Publicity for their advertisements. They should select the private advertising agencies for handling their publicity work out of the panel of the approved advertising agencies maintained by the Directorate of Advertising and Visual Publicity under the instructions of Government. While sending their enquiries for display advertisement and other publicity work to private advertising agencies they should endorse a copy thereof to the Directorate of Advertising and Visual Publicity in order to enable him to send his quotations in case he is able to undertake the work.

33

14

3.41

The Committee feel that greater emphasis needs to be laid on institutional publicity for educating the general masses particularly in the rural areas where most of the population lives, about the aims, objects and achievements of the public sector undertakings. This goal can best be achieved if this work is entrusted to a single centralised agency. The Committee hope that the Directorate of Advertising and Visual Publicity which possess the necessary expertise and experience would be able to give the requisite satisfaction and project a proper image of the public sector. For this purpose, as has been pointed out by the Committee in the subse-

quent chapter, greater use will have to be made of the regional and language newspapers in the small and medium categories.

15

3.42

It hardly needs to be emphasised that the Directorate of Advertising and Visual Publicity also should improve its quality of service so as to win the confidence of its customers through competitive rates and quality of work.

16

3.56

The Committee regret to note that the Government have not ensured systematic compliance of the instructions issued by them in September, 1956 in pursuance of the Rajya Sabha Resolution directing the public undertakings to show preference to Indian-owned or Indian-controlled advertising agencies. It appears that most of the undertakings were not even aware of the instructions issued by the Government.

17

3.57

The Committee, therefore, recommend that the existing policy in regard to showing preference to Indian-owned and Indian-controlled agencies in the matter of releasing advertisements by the public undertakings and also that the advertising agencies should be selected from the panel of such approved agencies prepared by the Directorate of Advertising and Visual Publicity from time to time, should be again specifically brought to the notice of all the Public undertakings for implementation.

18

3.58

The Committee regret to note that the Ministries have not been sending Annual Reviews to the Ministry of Information and Broadcasting regarding the implementation of instructions issued by it in pursuance of the resolution passed by the Rajya Sabha in 1956.

of the undertakings. The Hindi, and regional language newspapers may be used more for display advertisements in the case of the undertakings which have to reach the rural and regional areas for popularising their products or services.

25

4 24

The Committee also recommend that the desirability of fixing of a minimum percentage of advertisements, in terms of value as well as space, to be given to small and medium newspapers by all the undertakings might be examined. The percentage, if fixed, might be reviewed from time to time taking into consideration the increasing circulation of regional and language newspapers.

26

4.25

The Committee further recommend that all the undertakings should mention in their annual reports the extent to which they had implemented the Government policies. The Ministries on their part should also keep a closer watch to ensure that the Government policies are being followed by the undertakings not only in letter but also in spirit. The Ministries should furnish reports to the Ministry of Information and Broadcasting who should review the matter thoroughly and state the conclusions in their Annual Report.

Sl. No.	Name of Agent	Agency No.	Sl. No.	Name of Agent	Agency No.
	DELHI		33.	Oxford Book & Stationery Company, Scindia House, Connaught Place, New Delhi—1.	68.
24.	Jain Book Agency, Connaught Place, New Delhi.	11	34.	People's Publishing House, Rani Jhansi Road, New Delhi.	75
25.	Sat Narian & Sons, 3141, Mohd. Ali Bazar, Mori Gate, Delhi.	3	35.	The United Book Agency, 48, Amrit Kaur Market, Pahar Ganj, New Delhi.	88
26.	Atma Ram & Sons, Kashmere Gate, Delhi-6.	9	36.	Hind Book House, 82, Janpath, New Delhi.	95
27.	J. M. Jaina & Brothers, Mori Gate, Delhi.	11	37.	Bookwell, 4, Sant Naran-kari Colony, Kingsway Camp, Delhi-9	96
28.	The Central News Agency, 23/90, Connaught Place, New Delhi.	15		MANIPUR	
29.	The English Book Store, 7-L, Connaught Circus, New Delhi.	20	38.	Shri N. Chaoba Singh, News Agent, Ramlal Paul High School Annexe, Imphal.	77
30.	Lakshmi Book Store, 42, Municipal Market, Janpath, New Delhi.	23		AGENTS IN FOREIGN COUNTRIES	
31.	Bahree Brothers, 188, Lajpatrai Market, Delhi-6.	27	39.	The Secretary, Establishment Department, The High Commission of India, India House, Aldwych, LONDON—W.C.—2.	59
32.	Jayana Book Depot, Chaparwala Kuan, Karol Bagh, New Delhi.	66			

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