

**ESTIMATES COMMITTEE  
(1975-76)**

(FIFTH LOK SABHA)

**EIGHTIETH REPORT**

**MINISTRY OF INFORMATION AND BROADCASTING**

**Action taken by Government on the recommendations contained in the Fifty-Eighth Report of the Estimate Committees (Fifth Lok Sabha) on the Ministry of Information and Broadcasting—Films Part I**



**LOK SABHA SECRETARIAT  
NEW DELHI**

*August, 1975/Sravana, 1897 (S)*

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(1975-76)

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# ESTIMATES COMMITTEE

(1975-76)

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27. Shri R. V. Swaminathan
28. Shri K. P. Unnikrishnan
29. Shri K. Veeriah.
30. Vacant.

## SECRETARIAT

Shri G. D. Sharma—*Chief Financial Committee Officer.*

Shri J. P. Goel—*Senior Financial Committee Officer.*

**STUDY GROUP 'E'**  
**ESTIMATES COMMITTEE**  
**(1975-76)**

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2. Shri Varkey George—*Alternate Convener*
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11. Shri Sant Bux Singh
12. Shri R. V. Swaminathan
13. Shri K. P. Unnikrishnan
14. Shri K. Veeraih.

## INTRODUCTION

1. The Chairman of the Estimates Committee, having been authorised by the Committee, present this Eightieth Report of the Committee on the action taken by Government on the recommendations contained in the Fifty-eighth Report of the Estimates Committee (Fifth Lok Sabha) on the Ministry of Information and Broadcasting-Films Part I.

2. The Fifty-eighth Report was presented to Lok Sabha on the 25th April, 1974. Government furnished their replies indicating action taken on the recommendations contained in that Report from 28th October, 1974 to 18th March, 1975. Further information called for by the Committee was furnished by Government from 19th March to 13th June, 1975. The replies were examined by the Study Group 'E' of the Estimates Committee (1975-76) at their sitting held on the 28th July, 1975. The draft Report was adopted by the Estimates Committee (1975-76) on the 8th August, 1975.

3. The Report has been divided into the following Chapters:

- I. Report.
- II. Recommendations which have been accepted by Government.
- III. Recommendations which the Committee do not desire to pursue in view of the Government's replies.
- IV. Recommendations in respect of which replies of Government have not been accepted by the Committee.
- V. Recommendations in respect of which final replies of Government are still awaited.

4. An analysis of the action taken by Government on the recommendations contained in the 58th Report of the Estimates Committee (Fifth Lok Sabha) is given in Appendix I. It would be observed therefrom that out of 60 recommendations made in the Report, 33 recommendations i.e. 55 per cent have been accepted by Government and the Committee do not desire to pursue 12 recommendations i.e., 20 per cent in view of Government's replies. Replies of the Government have not been accepted by the Committee in respect of 6 recommendations i.e., 10 per cent. Final replies of Government in respect of 9 recommendations i.e., 15 per cent are still awaited.

NEW DELHI;

August 19, 1975

Sravana 28, 1897 (S)

R. K. SINHA,

Chairman,

Estimates Committee.

## CHAPTER I

### REPORT

#### **Working of the Film Finance Corporation (SL No. 7 Para 2.32)**

In paragraph 2.32 of their Fifty-eighth Report, the Estimates Committee had observed that during its existence of about 14 years, the Film Finance Corporation had been able to provide finance to producers of only 116 films which worked out to about 7 to 8 films a year. The Committee feel that providing finance to only 7 to 8 films in a year out of about 430 feature films produced in the country was not adequate and could not make any real impact on the film industry in the country.

In their reply furnished to the Committee in November, 1974, the Ministry of Information and Broadcasting stated that "Government is aware that financing of more and more films by the Film Finance Corporation annually could go a long way in having the desired impact on the film industry in the country. However, in the present financial difficulties, the Film Finance Corporation is not able to raise adequate finances from Government or banking institutions to give loans to a larger number of films in a year. The position could improve only with more plentiful financial resources and all efforts will be made to achieve the objective in view."

Asked if the question of providing adequate funds to the Film Finance Corporation was taken up with the Ministry of Finance, and if so, what was the response of that Ministry, the Ministry of Information and Broadcasting have stated in a written note submitted to the Committee in March, 1975 that "On receipt of a proposal of Film Finance Corporation for conversion of a portion of Government loans into equity capital aimed at indirectly providing funds to the Film Finance Corporation for financing more films, the Ministry of Finance were moved. However, after careful consideration that Ministry found it difficult to commend the proposal."

The Committee feel that in order to enable the Film Finance Corporation to make a real impact on the film industry, it is imperative that the Corporation should be provided sufficient funds so that the Corporation should be able to finance production on larger number of films. The Committee, therefore, reiterate their earlier recommendation and urge that the matter should be vigorously pursued with the Ministry of Finance to achieve the desired objective.



**Review of the working of the Film Finance Corporation (Sl. No. 8  
Para 2.33)**

In paragraph 2.33 of their Fifty-eighth Report, the Estimates Committee had suggested that the films produced by the Film Finance Corporation should be reviewed periodically by a high level panel of experts, once in 2 years at least, so as to make sure that the finances are being channelised for approved objectives, and would not result in adding films to the shelves which do not have adequate public appeal and therefore do not get screened on an adequate scale to pay back the loans incurred.

In their reply furnished to the Committee in November, 1974, the Ministry of Information and Broadcasting stated that "A large number of films financed by the Corporation having won a number of national and international awards in various categories year after year is in itself a testament to the Corporation's style of working and that its finances are being channelised for the approved objectives of making good quality films. Government do not consider that it will help and promote the creation of aesthetically beautiful and socially significant films if loans are given only to the makers of films which succeed at the box office."

Asked to state their reaction to the recommendation of the Committee that the films financed by the Film Finance Corporation should be reviewed periodically by a high level panel of experts, the Ministry of Information & Broadcasting have intimated the Committee in March, 1975 that "Since finances of Film Finance Corporation are being canalised for the approved objectives of making good quality films, Government does not consider it necessary that the films financed by the Film Finance Corporation should be reviewed periodically by a high level panel of experts."

**The Committee feel that in order to judge the effectiveness of the Film Finance Corporation in achieving its objectives, it is essential that the films financed by the Film Finance Corporation should be reviewed periodically by a panel of experts. The Committee, therefore, reiterate their earlier recommendation.**

**Comprehensive Film Policy (Sl. No. 37, Para 3.19)**

In paragraph 3.19 of their Fifty-eighth Report, the Estimates Committee had expressed the view that the Isolated and fragmented steps taken so far by Government in respect of film industry have failed to make the desired impact on the industry as evidence by the

chaotic conditions prevailing in the film industry. The Committee recommended that a comprehensive film policy should be finalised by Government at an early date and placed before Parliament so that Members get an opportunity to examine and discuss it fully.

In their reply submitted to the Committee in February, 1975 the Ministry of Information and Broadcasting stated that "A comprehensive film policy evolved by the Ministry was discussed at a consultative Committee meeting of the Members of Parliament attached to the Ministry of Information & Broadcasting in October, 1972. The policy envisages an integrated two-pronged policy for the development of the film industry. One of the pillars of the policy is the setting up of a multi-directional, multi-functional apex body in the public sector to look after the commercial, financial and import and export needs of the industry. The second pillar of the policy is the setting up of an overseeing disciplinary and regulatory body, namely, the Film Council. The proposal for setting up of National Film Development Corporation has been approved by the Cabinet and action is already in hand for registration of the Corporation shortly as a public sector company. The Film Council, another apex body, is proposed to be set up as a statutory organisation and the details are still under consideration."

**The Committee are of the view that the comprehensive film policy should be placed before Parliament so that the Members get an opportunity to discuss it fully. The Committee feel that mere discussion in the Consultative Committee does not meet with the spirit of the recommendation of the Committee. The Committee, therefore, reiterate their earlier recommendations.**

#### **Setting up of the Film Council (Sl. No. 40, Para 3.31)**

In paragraph 3.31 of their Fifty-eighth Report, the Estimates Committee had recommended that effective steps for setting up the Film Council should be taken expeditiously and no more time in the matter should be lost. The Committee expected the Ministry to see that the Film Council was set up and started functioning before the end of the year, as indicated during evidence by the official representatives of the Ministry.

In their reply submitted to the Committee, the Ministry of Information & Broadcasting stated that the whole issue relating to the setting up of National Film Council was under the active consideration of Government. Asked to state the progress made in regard to the proposal for setting up of the Film Council, the Ministry of

Information and Broadcasting have intimated the Committee in April, 1975 that "No further progress has been made in the proposal for setting up of the Film Council. The constitutional competence of Central Government to set up the Council and levy cess on cinema tickets is being reconsidered in consultation with the Ministry of Law. It is, therefore, premature to indicate the likely date by which the Film Council will come into existence."

The Committee are surprised that although the setting up of Film Council was recommended by the Film Enquiry Committee as early as in 1951, Government have not found it possible to set up the Film Council so far and the matter is still "under consideration of Government". The Committee, therefore, reiterate their earlier recommendation and urge that the setting up of the Film Council should be expedited.

**Condition of studios in the Bombay and Madras region (Sl. No. 54, Para 4.26)**

In paragraph 4.26 of their Fifty-eighth Report, the Estimates Committee had expressed the view that there was an urgent need for an enquiry in depth about the conditions of studios in the Bombay and Southern regions also, so that concerted follow-up action for improving the conditions of these studios may be taken.

In their reply submitted to the Committee in October, 1974, the Ministry of Information and Broadcasting stated that "The study about the conditions of studios in the eastern region was made, following closure of some studios and consequential fall in the film production resulting in unemployment. The studios in Bombay and Madras are doing well due to increase in production. Obviously, there is no need at present to constitute similar studios in these regions. However, as and when the Film Council is set up, it would, among other things, consider undertaking periodical review of various aspects of the film industry including the state of studios etc."

As a number of studios in Bombay and Southern region have closed down recently, the Committee do not share the views of the Government that studios in Bombay and Madras are doing well due to increase in production and there is no need at present to constitute similar studios in these regions. The Committee, therefore, reiterate, their earlier recommendation.

**Accident Risk Insurance of Movie Stunt Artistes (Sl. No. 59 para 5.14)**

In paragraph 5.14 of their Fifty-eighth Report the Estimates Committee had noted that the scheme for accident risk insurance did not cover the movie stunt artistes and the suggestion to cover them was under examination in the Ministry of Finance. The Committee recommended that early decision in the matter should be taken.

In their reply furnished to the Committee in November, 1974, the Ministry of Information and Broadcasting stated that "General Insurance Corporation has to operate on business principles and hence there would be certain risks which are uninsurable or where cost of insurance would be uneconomical. Insurance of movie stunt artistes may fall in such category and it is, therefore, for the film industry to make adequate arrangements for such artistes."

The Ministry of Information and Broadcasting were asked to intimate if the position regarding the insurance of movie stunt artistes in other films producing centres had been ascertained. In their reply furnished to the Committee, the Ministry of Information and Broadcasting have stated that "Government have not ascertained the position regarding the insurance of movie stunt artistes in other film producing centres."

The Committee recommend that Government should ascertain the position regarding insurance of movie stunt artistes in other film producing centres. The Ministry of Information & Broadcasting should also take up the matter with the Ministry of Finance and obtain their definite reactions to the proposal of covering the movie stunt artistes under the scheme for accident risk insurance. The Committee, therefore, reiterate their earlier recommendation.

**Implementation of Committee's recommendation**

The Committee would like to emphasise that they attach the greatest importance to the implementation of the recommendations accepted by Government. They would, therefore, urge that Government should keep a close watch so as to ensure expeditious implementation of the recommendations accepted by them. In case where it is not possible to implement any accepted recommendation in letter and spirit for any reason, the matter should be reported in time to the Committee with reasons for non-implementation.

The Committee also desire that further information where called for in respect of recommendations included in Chapters II, III and V may be intimated to the Committee expeditiously.

## **CHAPTER II**

### **RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT**

#### **Recommendation (Serial No. 1 Para 1.3)**

It is well-known that films have come to occupy an important role in the life of the people as a powerful medium of entertainment, mass communication and education. The films satisfy a genuine and widely felt need of cheap entertainment for the common people. Due to their visual impact, the impression left by the films on the minds of the viewers, is deep and lasting. In the context of our social and economic development, it is, therefore, important that this powerful media is utilised not only for providing entertainment but also for educating the masses and spreading a purposeful message with a social content for which they are eminently suited. By a skilful handling of the story and by an adroit mixture of entertainment and education, films can be made to play a powerful role in nation building activities and in channelising the energies of the masses for constructive purposes. In view of the fact that the theatre movement in the country is very weak unlike many countries in the West, films have become as the only source of entertainment for the masses in the country. The Committee feel that this constructive role of films can neither be ignored nor under-estimated. It is high time that the important role of films as a powerful and effective medium of mass communication and education is fully realised and exploited by the film makers and the Government for the greater good of the community. Determined efforts should be made by Government in consultation and coordination with the industry, to ensure that films produced in the country while providing healthy and wholesome entertainment to the masses, make a valuable contribution in building up national character, reinforcing moral values, achieving socio-economic objectives and channelise the energies of the masses, particularly of the youths, in nation building activities.

#### **Reply of Government**

The observations of the Committee have been noted for appropriate action. Government are aware of the tremendous power the films can wield as a medium of far-reaching social influence and as

a colourful art as well as a vehicle of communication and entertainment. It is because of this realization that the Government have already set up the Film and TV Institute; the Film Finance Corporation and has instituted National Awards etc. The setting up of the National Film Corporation has also been finally approved by the Cabinet and it is expected to be on the ground very soon. The setting up of a Film Council to perform consultative, developmental and regulatory functions is also under the consideration of the Government.

[Ministry of Information & Broadcasting Office Memorandum No. H. 11013/23/74-F(A), dated the 4th November, 1974].

### **Recommendation (Serial No. 6 para No. 2.14)**

The Committee note that Government propose to create a fund for the film industry by imposing a cess of 5 paise on every cinema ticket and that this fund will be spent for the improvement of film industry. The Committee stress that Government should provide specific guidelines, clearly laying down the purposes for which the fund would be spent. The Committee have no doubt that in evolving guidelines, Government would see that a certain percentage of the collections of this Fund is spent for assisting eminent artistes, junior artistes and technicians, etc. in the film industry who are in adverse pecuniary circumstances. Suitable financial assistance from this fund should also be provided to producers of award winning films which may not prove such a draw at the box office so as to cover the costs and sustain such laudable productions. The case for giving assistance to producers of regional films, particularly, in languages like Oriya, Assamese, etc., which has a limited regional market, needs sympathetic consideration, so that films of acceptable standards come to be produced in all regional languages.

The Committee would like Government to lay a copy of the guidelines for administering the fund on the table of the two Houses of Parliament, so that the members have a chance to express their views on this important subject.

The Committee recommend that the Annual Report of this Fund should give a detailed break up of expenditure on various items together with the Audit Report thereon and should be laid on the Table of both the Houses of Parliament.

### **Reply of Government**

The Ministry fully shares the philosophy of this recommendation and hopes that as and when the Film Fund is instituted, it would be given suitable guidelines to finance a variety of promotional measures.

### Further Information called for by the Committee

Please intimate specific reply of Government to the recommendation that the Annual Report of the Fund should give a detailed break up of expenditure on various items together with the Audit Report thereon and should be laid on the table of both the Houses of Parliament.

### Further Reply of Government

The Annual Report of the Film Development, as and when instituted, with the detailed break up of expenditure and the Audit Report thereon will be laid on the table of both the Houses of Parliament.

[Ministry of Information and Broadcasting Office Memorandum No. 2/29/74-FPC(A) dated the 19th March, 1975].

### Recommendation (Serial No. 10, Para 2.35)

The Committee note that one of the main reasons why the producers of the films financed by the Film Finance Corporation have not been able to repay the loans is that a large number of these films have not been able to get exhibition facilities as the cinema owners in the country are reluctant to exhibit these low budget films as they are not considered attractive commercial propositions. The Committee note that the Film Finance Corporation has already started exhibition of its films in its auditorium in Bombay and that during the Fifth Plan period, the Corporation proposed to start some more art theatres at Madras, Calcutta and Delhi. The Corporation is also considering building its own cinema houses and running them on commercial basis so as to exhibit their own financed films. Considering its past performance in granting loans for the making films, it is a moot point whether the Corporation should burden itself with the work of directly running cinema houses. The Committee would, therefore like Government to carefully evaluate the experiment of running the Corporation films in the art theatres in Bombay and in other metropolitan towns, before embarking on the scheme of constructing the cinema houses for showing the films financed by the Corporation.

The Committee need hardly stress that the feasibility of showing the films financed by the Corporation on the T.V. net work may also be examined so as to put the produced films to use as also create a demand for films of aesthetic value.

### Reply of Government

It is the considered opinion of the Government that the Art theatre experiment has achieved the social and cultural objectives of the Film Finance Corporation i.e. promotion of quality cinema, though it strictly commercial terms, the results are still not satisfactory. As and when the Film Finance Corporation acquires a proper cinema theatre (Akashvani Auditorium is only a multi-purpose hall) over which it has exclusive control, the scheme might become commercially viable. The Board of the Film Finance Corporation has been keeping a watch and evaluating results and will no doubt emphasise upon a larger scheme in the light of their assessment.

Subject to contractual provisions, Film Finance Corporation is making efforts to place some of the films on TV-circuit and has, in fact, done so in some cases.

[Ministry of Information and Broadcasting Office Memorandum No. H. 11013/23/74-F(A) dated the 28th October, 1974].

### Recommendation (Serial No. 15, Para 2.63)

The Committee note that the film industry has represented against the amortisation formula of charging income tax on the earnings of the film as they contend that 80 per cent of the earnings of the film, accrue in the first three months of its screening. The Committee, however, note that the formula is based on the results of the cost and earnings study made by Government and that if different facts are brought before Government, they would be prepared to reconsider the position. The Committee hope that the film industry would avail of the offer and make the necessary material available to Government so that it is examined in depth to see if any change in the formula for determining net income for purposes of income tax is necessary.

### Reply of Government

A revised circular regarding amortisation formula on charging income-tax on the earnings of a film after taking into account the representations received from the film industry, is under preparation by the Ministry of Finance, in consultation with the Comptroller & Auditor General.

[Ministry of Information and Broadcasting Office Memorandum No. H. 11013/23/74-F(A), dated 7th December, 1974].



### **Comments of the Committee**

Final decision taken in the matter may be intimated to the Committee.

#### **Recommendation (Serial No. 17, Para 2.77)**

The Committee note that stringent rules for the licensing of cinema houses have also been mainly responsible for the slow rate of construction of cinema houses in the country. The Committee suggest that these Rules may be reviewed by an expert body having representatives of concerned disciplines as well as public. The authorities concerned may thereafter be approached to modify| amend the Rules as may be necessary, in the best interests of public and giving encouragement to the construction of cinema houses.

The Committee recommend that the Central Government should play a leading and coordinating role in the matter of construction of these cinema houses. The Central Government should remain in touch with the State Governments and help them in the implementation of this programme of construction of cinema houses. The Committee feel that it should be possible to double the number of cinema houses during the Fifth Five Year Plan period, if phased and time bound programme is drawn up in this behalf in consultation with the State Governments and concerted measures are taken to implement it.

#### **Reply of Government**

The recommendation of the Committee to review the various rules prevailing in different States for the licensing of cinema houses has been accepted for necessary action. The ISI has already drafted model bye-laws for construction of cinema buildings and the adoption of ISI specifications has been brought to the notice of the State Governments for adoption.

2. As regards construction of more cinema houses, the Ministry has already taken up the matter with the State Governments on more than one occasion on the basis of the discussions at the Conference of the Information Ministers. The periodical information Ministers' Conferences convened by the Ministry provide an opportunity for review of construction of cinemas all over the country, and coordination is effected in the matter through this forum.

[Ministry of Information and Broadcasting Office Memorandum No. H. 11013|23|74-F(A) dated the 4th November, 1974]

**Recommendation (Serial No. 18, Para 2.78)**

The Committee have no doubt that the construction of more cinema houses particularly in smaller towns and semi-urban areas with moderately priced admission tickets, would not only provide the much needed healthy entertainment to the weaker sections and rural masses, but the State Governments would also derive additional resources by way of taxes and interests on loans given for construction of cinema houses etc.

**Reply of Government**

The recommendation has been brought to the notice of all State Governments|Union Territories.

[Ministry of Information and Broadcasting Office Memorandum No. H. 11013|23|74-F(A) dated 26th Nov., 1974].

**Recommendation (Serial No. 19, Para 2.79)**

The Committee further recommend that the number of mobile cinemas should be increased and they should be encouraged to show award winning and purposeful films in rural areas by charging nominal admission tickets. With Government's decision to establish more picture houses particularly in mofussil and semi-urban areas, it has become all the more necessary to see that there is a substantial improvement in the quality of films to be screened so that these make for regeneration of our culture and character and contribute in a constructive way towards the development effort being made in the country.

**Reply of Government**

Government accept the recommendation of the Committee. The recommendation has also been brought to the notice of the State Governments|Union Territories to grant licences to the Touring Cinemas more freely, and also increase the number of mobile units in their States. The Directorate of Field Publicity under this Ministry also propose to increase the number of mobile units during the Fifth Five Year Plan period.

[Ministry of Information & Broadcasting Office Memorandum No. H. 11013/23/74-F(A), dated 7th December, 1974].

**Recommendation (Serial No. 22, Para 2.104)**

The Committee note that the regional film industry occupies a very important place in the country and as many as 287 cut of the

total 414 films produced in 1972 were made in regional languages. It is well known that films made in regional languages reflect the diversified culture and aspirations of the people of the various regions of the country. It is gratifying to note that by and large, the films made in regional languages, particularly Bengali and Malayalam, Marathi, etc., have retained their high artistic standards and aesthetic values. The Committee are, however, unhappy to note that the film industry in regional languages is facing great difficulties and the number of films produced in Malayalam, Bengali, Marathi and Kannada has shown downward trend. The Committee feel that Government should extend all encouragement to the regional film industry to sustain their quality production.

### Reply of Government

The recommendation of the Committee has been noted and all possible efforts will be made to encourage the production of quality films in regional languages.

2. The institution of Awards for the best feature film in each regional language, provision of financial assistance by the Film Finance Corporation for production of films of good standard and quality in several Indian languages, and the institution of the pilot scheme by FFC for providing financial assistance for dubbing and para-dubbing for the regional language films are some of the measures taken by Government in this direction.

3. There has not been any downward trend in the production of films in the languages of Malayalam, Bengali, Marathi and Kannada as will be observed from the following figures:—

	1972	1973
Bengali . . . . .	25	35
Kannada . . . . .	20	32
Malyalam . . . . .	47	60
Marathi . . . . .	13	14

[Ministry of Information and Broadcasting Office Memorandum No. H. 11013|23|74-F(A) dated the 4th November, 1974].

### Recommendation (Serial No. 23, Para 2.105)

The Committee noted that one of the main reasons for the fall in production of the films in regional languages is the limited market available to them. For example, the films made in Bengali,

although of a very high quality and aesthetic value, remain confined to the cinemas in West Bengal only. The result is that due to the small number of cinema houses, the returns from these films are not sufficient to cover the cost of production in all cases. In this connection, the Committee note that Government are already contemplating to introduce the scheme of dubbing the regional films in Hindi and other regional languages. The Committee commend this step as the dubbing of films will, not only increase the exhibition circuit of these regional films in the rest of the country but will also provide an opportunity to the people in these areas to see these films and become acquainted with the culture and art of the various regions. It is a matter of regret that films like "Pather Panchali" and "Aparajito" of Satyajit Ray which have won International acclaim and place of pride at International forums, could not be shown in the other parts of the country because of the absence of dubbing in other languages. The Committee recommend that the scheme of dubbing should be finalised without delay and action taken to implement it expeditiously. They recommend that the plea of shortage of funds should not be allowed to stand in the way of this scheme. A start could be made by dubbing the national award winning films. The Committee further recommend that for this purpose assistance e.g., loans at reasonable rates may also be given to the producers of these films by Government on a pilot basis and the mechanics of the scheme improved in the light of experience.

The Committee note that as a number of Hindi films are made in colour and are big budget films, they have an edge over films produced in regional languages. The Committee recommend that the whole question of making colour raw films available to regional film producers on the basis of export obligations, should be reviewed in the light of a realistic assessment of their export potential and colour raw films not denied to them.

### Reply of Government

Government accept the recommendations of the Committee. The Film Finance Corporation, a Government of India Undertaking, have already decided to advance loan for dubbing|para-dubbing of selected films. The loan to be advanced for para-dubbing would be limited to Rs. 15,000|- and for dubbing Rs. 50,000|-, the excess if any may have to be met by the applicant. As a pilot scheme the Corporation will take para dubbing of one film and dubbing of another. Once the National Film Corporation whose setting up has been approved becomes operational, this effort might be further expanded in cooperation with the film industry. Side by

side, with encouraging inter-language dubbing, it is necessary to increase the exhibition outlets without which such dubbed films may find it difficult to circulate on a financially viable circuit. In short, Government fully supports the concept and will do what is feasible within its resources.

2. The question of waiving export obligation for the release of imported colour raw film in respect of regional films is also under consideration of the Government in consultation with the Chief Controller of Imports and Exports.

[Ministry of Information and Broadcasting Office Memorandum No. H. 11013|23|74-F(A) dated the 28th October, 1974.]

### **Comments of the Committee**

The final decision taken on the question of waiving export obligations for the release of imported colour raw films in respect of regional films may be intimated to the Committee.

### **Recommendation (Serial No. 24, Para 2.106)**

The Committee are glad to note that some State Government have already taken steps to encourage the production of regional films by providing them various incentives. The recent proposal in the budget of the Maharashtra Government to return in full the proceeds of entertainment tax on Marathi films to the producers to start his next production, is a notable step. The Committee hope that the other State Governments will also take active step to help the producers of regional films in their States to tide over their difficulties.

### **Reply of Government**

The observations of the Estimates Committee have been brought to the notice of all State Governments for appropriate action.

[Ministry of Information and Broadcasting Office Memorandum No. H. 11013|23|74-F(A) dated the 28th October, 1974.]

### **Recommendation (Serial No. 26, Para Nos. 2.124 and 2.125)**

The Committee regret to note that the foreign exchange earnings of India from the export of films have shown a downward trend during the last three years. The Committee feel that at a time when it is necessary to make all round connected efforts to increase the exports from this country to meet the increasing Import Bill due to rise in crude prices of petroleum products the export of films rather than showing any increase, is showing a

downward trend. The Committee need hardly emphasise the urgent and pressing need for making all round efforts to increase export of Indian films.

The Committee note that one of the main reasons for decline in export of films has been that this country is mainly dependent upon the traditional markets for the export of our films and due to some reasons the export of films to these countries is on the decline because of the policies adopted by the Governments in these countries. The Committee feel that there is an urgent need to explore fresh markets for the export of Indian films particularly in the countries of Europe and South America where it is reported that there is a good market for Indian films. The Committee feel that for promoting the export of Indian films the co-operation of the film producers is very essential. The Committee recommend that Government should maintain proper co-ordination with the film industry in the matter of promotion of our exports and chalk out a long-term programme for promoting our export to those areas where so far the markets have remained untapped. The Committee would like to be informed of the specific action taken by the Government in this regard.

#### **Reply of Government**

The recommendation is accepted. Besides stimulating enhanced exports to the traditional markets, Government has made a small beginning in entering into new markets with the co-operation of film-markets. The proposed National Film Development Corporation which will handle all import and export of films, will be advised to give high priority to the Committee's observations.

[Ministry of Information and Broadcasting Office Memorandum No.  
H. 11013|23|74-F(A) dated the 7th Dec., 74.]

#### **Recommendation (Serial No. 27, Para 2.128)**

The Committee note that the smuggling of films is one of the main reasons for the fall in the export of our films, and the various measures taken by the Government so far have failed to check the evils. The Committee also note that Government expect that with the coming into existence of the National Film Corporation, the smuggling of films will be checked to some extent. The Committee recommend that the matter may be examined by the Government in detail and effective and concerted action may be taken to check smuggling of Indian films and the consequent loss of foreign exchange earnings.

### Reply of Government

The smuggling of films like smuggling of any other commodity is the concern of the Department of the Revenue and Insurance, Ministry of Finance. A note received from that Ministry in this connection is reproduced below:—

“The following steps have been taken by the Government to prevent smuggling of goods including films out of the country:—

Systematic collection and follow up of information and keeping a watch on the suspected smugglers, extra vigilance in examination of suspected baggage and parcels, rummaging of suspected vessels and craft and preventive operations in vulnerable sectors along the coast and the land frontiers are undertaken. A comprehensive Scheme for establishment of Coast Guard and Wireless communication network covering West Coast and Tamil Nadu Coast has been implemented. The Government have placed orders for 20 fast sea crafts out of which 10 have already arrived and the rest 10 are due to arrive by the end of March, 1975. These crafts are fitted with radar, night-sights, echo sounders and light machine guns. The anti-smuggling staff has been augmented. The Customs law has been amended from time to time to provide for more severe punishment for smuggling offences and to plug some loopholes noticed in its working. The Maintenance of Internal Security (Amendment) Ordinance, 1974, was promulgated on 17-9-1974 to provide for preventive detention of persons acting in any manner prejudicial to conservation of foreign exchange, smuggling or abetting others to smuggle goods or dealing in smuggled goods. Further the Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974, replacing the Ordinance, has come into force on the 19th December, 1974.

There is no Customs duty on export of films. As such illicit export of films does not result in any loss of Customs revenue. It may, however, result in evasion of direct taxes, in respect of receipts of money or accumulation of funds abroad, to the extent that these are normally not disclosed to the Income-tax Department. Smuggling of Indian films, like illicit export of any

other commodity also causes loss of foreign exchange to the country.

According to the Report of Study Team on leakage of Foreign Exchange, value of films exported illegally during 1969-70 was of the order of Rs. 4.35 crores and it was almost impossible to verify the correctness of the value of films exported, because what was really sold was the right to exhibit the film in specified territories. The value of a film depends on a number of intangible factors, such as the likely response which the film may receive abroad. These factors are not capable of being evaluated with any degree of certainty. The Committee felt that the Government should examine the feasibility of canalising the exports of films through an official export agency.

It has been informally ascertained from the office of the Chief Controller of Imports and Exports that the export of this item has been canalised through the Film Finance Corporation Limited. The exporters are also eligible for incentives like the grant of licence for import of raw stocks and studio equipment.

The recommendations made by the Estimates Committee have been brought to the notice of the Collectors of Customs and Central Excise concerned and they have been asked to give special attention to the prevention of smuggling of films."

[Ministry of Information and Broadcasting Office Memorandum No. H. 11013|23|2-F(A) dated the 27th February, 1975].

#### **Recommendation (Serial No. 28, Para 2.127)**

The Committee note that Indian Motion Picture Export Corporation was set up by Government in 1963 to supplement the efforts in the matter of export promotion. However, the foreign exchange earnings of the Corporation have been showing downward trend and the working of the Corporation has also been showing losses. The share of IMPEC in export earnings has come down from 11 per cent to 8 per cent. The Committee feels that there is *prima facie* case for streamlining and toning up of the working of the Corporation. Now that the control of the Indian Motion Pictures Export Corporation has passed into the hands of the Ministry of Information and Broadcasting the Estimates Committee recommend that the Ministry should



take immediate steps in the matter of streamlining and toning up the working of this Corporation.

### **Reply of Government**

The Board of Directors of Indian Motion Pictures Export Corporation has already been reconstituted under the Chairmanship of Shri S. K. Kooka to improve the working of the Corporation. Future status of I.M.P.E.C. is being decided.

[Ministry of Information and Broadcasting Office Memorandum No. H. 11013/23/74-F(A), dated the 4th November, 1974].

### **Recommendation (Serial No. 30, Para 2.129)**

The Committee would like Government to take concrete measures in conjunction with film industry, to see that the films which are exported out of this country, are of high quality and depict the culture and life of our people in an artistic and presentable manner so that not only our exports are sustained and enlarged but a correct picture of our life and culture is projected to foreign audiences.

### **Reply of Government**

Production of feature films in India is in private hands and all sorts of good and bad films are produced by these producers taking into consideration the public taste and box-office value. The only check the Government can exercise is through censorship policy. A film considered by the Central Board of Film Censors as fit for public exhibition is normally considered fit for export. The Government does not exercise any direct intervention in questions of quality.

But indirectly, Government has been doing all that is possible to encourage the production of good quality films by giving National Awards to film-makers and technicians as well as writers, etc. The Film Finance Corporation has also been contributing to this philosophy by giving loans to the producers of quality films.

The Cinematograph (Amendment) Act, 1974 contains a provision necessitating certification of films as fit for export. Suitable regulations will now be framed under this Act to ensure that the guidelines for certification of the films as fit for export take care of the recommendations of the Estimates Committee.

[Ministry of Information and Broadcasting Office Memorandum No. H. 11013/23/74-F(A) dated the 4th November, 1974].

### **Recommendation (Serial No. 31, Para 2.145)**

The Committee note that India has been participating in a number of International Film Festivals and that a number of films shown

in International Film Festivals have won awards in these festivals and earned a name and laurels for the Indian film industry. Moreover, a number of film festivals and film weeks of Indian films have been arranged in other countries and festivals of films of other countries have also been held in our country. The Committee feel that festival of Indian films in other countries and their participation in International Film Festivals not only help in making the outside world aware of the quality and trends in Indian films and Indian culture but also increase the commercial potentiality for exhibition of the Indian films in foreign markets. The Committee would like greater participation of Indian films in international film festivals as also in organising festivals of Indian films in other countries on a larger scale.

#### **Reply of Government**

The recommendation has been accepted for implementation subject to availability of funds.

[Ministry of Information and Broadcasting Office Memorandum No. H. 11013|23|74-F (A), dated 10th March, 1975].

#### **Recommendation (Serial No. 32, Para 2.146)**

The Committee regret to note that for selection of Indian films for participation in International Film Festivals and in the festivals of Indian films abroad there is no formal consultation with the Industry. A Committee was stated to have been constituted by the Ministry previously for this purpose which was subsequently abolished. The Committee consider that active association of the industry in this work is very essential. The Committee are glad to note that Government now propose to set up a regular Consultative Committee to advise on India's participation in various festivals. The Committee urge that this body should be constituted early and that representatives of the industry should be associated in its working so as to obviate any complaint of discrimination in the selection of the films for festivals. It is also desirable that broad guidelines regarding the type of films to be selected for this purpose, may be laid down for the information of the industry in general. The Committee hope that in the light of the experience gained as a result of the working of the earlier Committee, necessary steps will be taken by Government to make the working of this body, a success.

#### **Reply of Government**

The recommendations of the Committee have been accepted. In fact, two Committees had been set up, one at Bombay under the Chairmanship of Chairman of Central Board of Film Censors and the

other at New Delhi under the Chairmanship of Secretary, Information and Broadcasting. The members of the Committees included representatives of the film industry and film critics as well. The terms of these Committees expired on 12th February, 1975. With a view to further streamline the process of selection of films these Committees have been replaced by three panels of consultants at Bombay, Calcutta and Madras, besides a Central panel at Delhi. These panels include eminent persons from the film industry.

2. As regards guidelines for the film industry, rules and regulations of each festival are circulated to about 30 organisations mainly representing film industry in the country. These regulations specify the types of film eligible for entry in particular festivals, date-lines for submission of entry forms, prints of films etc.

[Ministry of Information and Broadcasting Office Memorandum No. H. 11013|23|74-F(A), dated 10th March, 1975].

#### **Recommendation (Serial No. 33, Para 2.147)**

The Committee, however, note that Indian participation in International Film Festivals has not been well-organised and planned in the past with the result that full benefit from these festivals is not being derived. There are frequent complaints that foreign exchange for participation of our delegates is not released in time, sufficient foreign exchange is not released for publicity purposes and that selection is not made well in advance so that dubbing and sub-titling are not done in time. Even sufficient advance information is not given to the participants. The recent instance of Tehran Film Festival where Indian entry could not be considered as the sub-titling could not be done in time is indicative of the fact that necessary planning for such participation is not done well in advance. Now that Government have set up a separate Directorate of Film Festivals, the Committee hope that there would be proper planning sufficiently in advance in regard to participation in all such festivals and there would be no occasion for complaints on the aforesaid counts.

#### **Reply of Government**

The observations of the Committee have been noted and all efforts will be made by the Directorate of Film Festivals for better planning and arrangements for effective participation in International Film Festivals abroad. As a step towards this direction a decision has already

been taken that prints of films for entry in film festivals will be sent by Government at its cost.

[Ministry of Information and Broadcasting Office Memorandum No. H. 11013/23/74-F(A), dated the 10th March, 1975].

### **Recommendation (Serial No. 35, Para No. 3.12)**

The Committee note that prior to 1973, the various functions relating to the film industry were being dealt with by the number of Ministries in the Government of India. While the Ministry of Information and Broadcasting was responsible for general coordination and control of the film industry, other important functions like import and export of films, import of raw material and equipment etc. were dealt with by the Ministries of Commerce, External Affairs and others. Since 1973, all these functions relating to the Film industry have been centralised with the Ministry of Information & Broadcasting and thereafter there is no reason why this Ministry should not now be able to play a more effective role in the matter of developing and assisting the growth of the film industry on healthy lines. The Committee have gathered an impression during evidence that the Ministry of Information and Broadcasting are fully aware of the present position and the problems of the film industry in the country, and they are anxious that the film industry in the country should be developed on healthy and proper lines. What is actually needed now is concerted and coordinated action on the part of the Government, followed by a substantial financial intervention to help the growth of the Film Industry in the country. The Committee urge that as the Government is now increasingly aware of the vast potentialities of this mass medium of entertainment and communication in the country, they should draw up a definite and comprehensive policy for the proper development of the film industry in the country and take the requisite follow up action for the implementation of this policy at the earliest.

### **Reply of Government**

In order to ensure co-ordinated and well-balanced development of the film industry, the Government of India have decided to set up a National Film Development Corporation which will regulate the import of films, promote the development of exports, set up distribution system of raw stock in order to ensure the optimum utilisation regulate distribution channels along the healthy lines, stimulate technical developments both in the fields of raw stock and film production and projection hardware. While the Government of India have ambitious plans in all these fields, it should be remembered that hitherto

import, export and distribution of films has been in the private sector and massive financial intervention will be required to accomplish all these purposes. In the present economic difficulties with the Government and the country, it will not be possible to get finances of this scale from Govt. The National Film Development Corporation, therefore, has been conceived as a commercial venture which will generate its own finances in order to carry out the broad and comprehensive purposes of the Government of India in the film industry field. Since the Corporation is being set up only now the changes in this respect will inevitably be gradual.

[Ministry of Information and Broadcasting Office Memorandum No. H. 11013|23|74-F(A), dated the 27th February, 1975].

### **Comments of the Committee**

The progress made in the matter of setting up of National Film Corporation may be intimated to the Committee.

### **Recommendation (Serial No. 36, Para 3.13)**

The Committee note that there was a Consultative Committee to discuss the problems of the film industry and that this Committee was wound up in 1969. Since then there has been no regular forum for consultations between the Government and the film industry relating to the problems of the film industry in the country. While Government have claimed that there have been frequent consultations with the representatives of the film industry regarding the problems of industry, the impression which the Committee have gained as a result of their discussions with the representatives of the film industry at the film producing centres as well as from the evidence tendered by the representatives of the film industry before the Committee, is that there is an absence of proper rapport between the Government and the film industry regarding the problems of the film industry. The Committee need hardly emphasise that any policy relating to the healthy growth of the film industry can be successful only when there is proper rapport and coordination between the Government and the industry. As has been stated by the representatives of the Ministry of Information and Broadcasting in their evidence before the Committee that there are healthy signs of producers and directors with new trends coming up in the film industry. The Committee cannot but reach at the in-escapable conclusion that the absence of a central forum where the problems of the film industry could be discussed on a regular basis, has greatly contributed to this absence of rapport between the film industry and the Government. The Committee have later in this chapter dwelt on the imperative need for the creation of

a Film Council. The Committee hope that with the coming into existence of the proposed Film Council, such a central forum will be provided and the present complaint regarding lack of rapport between the Government and the industry will disappear. The Committee need hardly stress that what is required is the creation of a climate of mutual cooperation, trust and goodwill on the part of the Government and the film industry in the larger interest of the healthy development of this mass media.

### **Reply of Government**

The Government fully agrees with the Estimate Committee that for the healthy growth of the film industry there should be proper rapport and coordination between the Govt. and the film industry. There is no doubt that the proposed film Council would provide such a rapport. The Government have noted Committee's recommendations.

[Ministry of Information and Broadcasting Office Memorandum No. 11013/23/74-F(A), dated the 28th October, 1974].

### **Recommendation (Serial No. 38, Para 3.20)**

Government should also keep ready detailed plan in implementation of the policy so that no time is lost in initiating concerted action after the policy is approved.

### **Reply of Government**

The recommendation of the Committee has been noted. Action for setting up of the National Film Development Corporation and the Film Council are already in hand. The setting up of the Corporation has been approved by the Cabinet.

[Ministry of Information and Broadcasting Office Memorandum No. H. 11013/23/74-F(A), dated the 15th March, 1975].

### **Recommendation (Serial No. 41, Para 3.38)**

The Committee note that Government propose to set up a National Film Corporation and that the proposed Corporation will deal with the import of foreign films in India, export of films to other countries, distribution and exhibition of films in India, promotion of quality films and allocation and distribution of raw materials to the film industry. In an earlier chapter the Committee have already expressed their disappointment at the fall in the export earnings of Indian films, and have also urged the immediate and urgent need for launching a vigorous drive for finding new markets for Indian films in foreign countries. The Committee hope that as and when the proposed

National Film Corporation is set up, it will take determined and vigorous steps to promote the export of Indian films in foreign countries and also to prevent the smuggling of Indian films which is resulting in considerable leakage of foreign exchange earnings of the country. However, the Committee would also like to sound a note of caution. In an earlier chapter, the Committee have also commended as to how the Indian Motion Picture Export Corporation which was set up to promote the export of Indian films has already shown a decline in its foreign exchange earnings and has not been successful in achieving the objectives for which the Corporation was set up. The Committee would like Government to learn from that experience and to take sufficient precautions from the beginning to ensure that the proposed National Film Corporation does not share a similar fate. The Committee would like that proposed National Film Corporation should be set up as early as possible and its functioning regulated in such a way so as to make it an effective agency for stepping up exports and earning more and more foreign exchange.

### **Reply of Government**

The proposal for the setting up of the National Film Corporation has since been finalised and it would shortly be registered under the Companies Act, 1956. The observations of the Committee about steps for stepping up foreign exchange earnings by the National Film Corporation would be given due consideration by the Corporation.

[Ministry of Information and Broadcasting Office Memorandum No. H. 11013/23/74-F(A), dated the 28th October, 1974].

### **Further Information called for by the Committee**

Please intimate the present position in the matter of setting up of the National Film Corporation.

### **Further Reply of Government**

All formalities for the setting up the National Film Corporation (renamed National Film Development Corporation) have been completed and it likely to come into existence by March 31, 1975.

### **Recommendation (Serial No. 42, Para 3.39)**

The Committee note that the proposed National Film Corporation will also be responsible for the import and distribution of raw films in the country. During their evidence and also in the memoranda submitted to the Committee a large number of film producers have

complained about the difficulties experienced by them due to the non-availability of raw films and equipment to them in time. The Committee hope that National Film Corporation when set up, will take timely action to ensure regular and timely supply of raw films and then equipment to the film industry.

### **Reply of Government**

The observations of the Committee have been noted and would be given due consideration by the National Film Corporation when it is set up.

[Ministry of Information and Broadcasting Office Memorandum No. H. 11013/23/74-F(A), dated 28th October, 1974].

### **Recommendation (Serial No. 45, Paras 3.77 to 3.79)**

The Committee note that under the Cinematograph Act, 1952, no film can be exhibited in the country which is not certified by the Board as suitable for public exhibition, and for the purpose of certification of films, Government have appointed Central Board of Film Censors with its regional offices in Bombay, Madras and Calcutta. The Committee further note that the censorship has been a point of controversy between the film industry and the Government for a very long time and the Government had also appointed an Enquiry Committee on Film Censorship in 1968 to examine the entire procedure of censorship. The Enquiry Committee has submitted their Report in 1969. While the film producers complaint that the censorship is an unnecessary irritant to them, that scenes are being deleted from the films indiscriminately, that the censorship policy is not uniform and at-tuned to the changing trends all over the world and that the changing trends all over the world and that the censorship policy is dependent on the whims and fancies of the high ups in the Government, the contention of the Government is that the strict censorship policy is necessary to check the increasing trends to include sex, violence and nudity in the Indian films by unscrupulous elements in the film industry. While the Committee admit that an ideal state will be for the film industry to evolve their own code of self-censorship, they are of the view that in the present state of film industry in the country, where commercial interest and unscrupulous producers dominate, it will not be desirable to rely merely on self-censorship by the industry.

The Committee consider that the censorship by Government is necessary and must be continued. From their personal viewing of the cuts imposed by the Board of Film Censors, the Committee are left with an impression that there is an increasing tendency on the



part of the film producers to include unnecessary scenes depicting sex, violence and nudity and rape, thus debasing the quality of our films which may have deleterious effect on the common viewers particularly youth and adolescents. The Committee feel that in such circumstances there is no other alternative for the Board of Film Censors but to continue their present policy of adopting a strict attitude towards sex and violence in films.

The Committee are not convinced by the argument advanced by some of the representatives of film industry that they have to include ingredients like sex, nudity, violence etc., in order to make a film successful at the box office. The Committee would like to point out that a number of films particularly in recent times which are free from these traits of vulgarity e.g., sex, nudity, violence, have been widely acclaimed by the public and have not been unsuccessful at the box office. The Committee feel that it is more a question of dedication and determination to see that films which are a powerful medium of communication, are put to best use in raising the taste of public and in making them aware of higher idealisms and purposefulness without sacrificing the entertainment quality. The Committee look to Government media as well as producers of proven merit and standing to give a positive lead in this behalf.

3.78. The Committee would like to stress that in the name of expression of art, films should not be allowed to debase the morals and the accepted values of the majority of the viewers. They desire that the film-makers should also consider themselves as the makers of future India as the films are seen by a vast majority of people and influence them greatly. The Committee are aware that the film industry has a large number of well meaning people and that they realise the responsibility towards the society. They produce films which provide healthy entertainment while, at the same time, are free from obscenity and debasing influence. The Committee consider that the main criteria which the film-makers should place before themselves, apart from Government censorship, should be that the films which they make, are such that they can enjoy them alongwith their own family members including young sons and daughters.

3.79. While the Committee agree that there should be uniformity in censorship in so far as the Indian and foreign films are concerned it has to be recognised that the foreign films are meant to depict the life and culture of the country concerned and this fact cannot be ignored while censoring foreign films. Moreover, the foreign films are seen by restricted audiences in big cities and do not affect the majority of the people who see Indian films.

The Committee would, therefore, stress that this difference in cultural background and values should be frankly recognised by Indian producers of films and they should desist from resorting to imitation. They should avoid insertion of violent and sexy scenes in films in the interest of providing healthy entertainment to people at large.

### **Reply of Government**

Government agree with the observations of the Committee in regard to self-censorship by the film-makers and the role of censors, in the production of purposeful films, without sacrificing entertainment quality. Their observations of the Committee have also been brought to the notice of the Central Board of Film Censors, Film Finance Corporation and the Film Industry.

[Ministry of Information and Broadcasting Office Memorandum No. H-11013/23/74-FA Dated 7-12-1974].

### **Recommendation (Serial No. 46 Para 3.80)**

One of the main complaints of the film producers has been that the Censorship policy is often dictated by the whims and fancies of the high ups in the Government and that the appellate authority should be vested in an independent judicial body. The Committee note that the proposed Cinematograph Amendment Bill which has already been passed by Rajya Sabha and is now awaiting consideration and passing by Lok Sabha, provides for Board of Film Censors consisting of six full time members and six honorary members and the constitution of independent appellate tribunals to listen to the appeals against the decisions of the Board of Film Censors. The powers of the Government will be confined only to a few matters affecting the integrity of the country, relations with foreign countries etc. The Committee hope that with the coming into force the revised procedure for the censorship of films as contemplated in the proposed amendment bill, most of the complaints of the film producers in this regard will be removed.

Incidentally, the Committee would like to point out that the film producers in Calcutta and a number of film producers in Bombay who are known for the production of quality films, had no reason for complaint against the censorship policy of the Government. The Committee would, however, urge the Government that while appointing members to the new Board of Film Censors and Appellate Tribunals, they should ensure that only persons with proven integrity and knowledge of this industry are included. The Committee

would also like that proper representation should be given to the film industry also on these bodies.

### **Reply of Government**

The recommendation of the Committee will be kept in view while constituting the Board and Appellate Tribunal.

[Ministry of Information and Broadcasting Office Memorandum No. H-11013/23/74-FA Dated 7-12-1974].

### **Recommendation (Serial No. 47 Para 3.81)**

The Committee note that some cases have come to the notice of Government where scenes which were not included in the original films or were ordered to be deleted from the films during censorship, were being shown and in some cases prosecution has also been launched against the defaulters. The Committee would like to emphasise the need for strong action against the defaulters in such cases. The Committee would like Government to examine the question of appointment of a small inspectorate for exercising on-the-spot checking to ensure that unauthorised scenes are not screened.

### **Reply of Government**

Government accepts the need for strong action against interpolations in certified films. At present necessary action is taken against them under Section 7 of the Cinematograph Act, 1952, whenever such cases come to notice. There is a proposal under consideration of the Government for setting up a small Inspectorate for scenes in films are not screened before the public. This proposal will be implemented, subject to availability of funds.

The State Governments have already been requested to issue suitable instructions to all District Magistrate to ensure strict compliance with the cinematograph rules by all cinemas and take appropriate action for infringement thereof.

[Ministry of Information and Broadcasting Office Memorandum No. H. 11013/23/74-FA dated the 27-2-75].

### **Recommendation (Serial No. 48 Para 3.82)**

From the statement of films certified by the Board of Film Censors during the year 1972, the Committee note that while the number of films certified in Madras were 243, the number of films certi-

fied in Bombay were only 134. However, from the staff strength furnished to the committee, it has been seen that staff strength at Bombay is as much as 50 while the staff strength at the regional office at Madras is only 11 and that in Madras there is only one Regional Officer and one Assistant Regional Officer to examine such large number of films and other newsreels etc. The Committee recommend that the staff strength in the three regional offices should be reviewed and adjustments made according to the work-load in each office.

#### **Reply of Government**

The recommendation is accepted. Besides being a regional office, Bombay is also the headquarter of the Board. All the same, alongside the re-organisation of the Board of Film Censors as provided under the Cinematograph (Amendment) Act, 1974, the staff strength in the three regional offices will be reviewed and necessary adjustments made according to the work-load in each office.

[Ministry of Information and Broadcasting Office Memorandum No. H-11013/74/74F(A), dated 7-12-1974].

#### **Recommendation (Serial No. 49, Para 3.83)**

The Committee note that the Annual reports of the Board of Film Censors in 1970-71 contained an analytical study on the trends in the film industry but this practice has been discontinued from the Annual Reports of the Board of Film Censors from the year 1971-72. The Committee feel that the analytical study on the trends of Indian films contained in the earlier report of the Board provided a useful assessment of the Ministry. The Committee recommend that the Annual Reports of the Board of Film Censors in future should invariably contain a detailed analytical study of the trends of the film industry.

#### **Reply of Government**

The observations made by the Committee have been noted and such information would be incorporated by the Board of Film Censors in its annual reports.

[Ministry of Information and Broadcasting Office Memorandum No. H-11013/74/74F(A), dated 7-12-1974].

#### **Recommendation (Serial No. 50, Para 3.88)**

The Committee note that although films have been acknowledged all the world over as a powerful medium having great impact on

the lives of the people particularly youth and adolescents, no comprehensive survey of the reactions of the viewers to films has so far been conducted. The Committee feel that the limited surveys so far conducted do not serve the purpose of making the Government fully acquainted with the impact of films on the various sections of society. Government should immediately undertake necessary surveys to ascertain the impact of films on the various sections of the Society, particularly on the youths and adolescent. The Committee also like that the proposed survey should also include the reactions of the people to the various news-reels and the documentaries produced by the Films Division. The points to be covered by the survey should be carefully settled in consultation with knowledgeable and recognised authorities so as to assist in compiling meaningful data which would on analysis provide guidelines for action. The Committee would like to be informed of the concrete action taken in this direction.

### **Reply of Government**

The recommendation of the Committee has been accepted. As already stated in reply to para 1.42 of the 59th Report of the Estimates Committee, a Directorate of Evaluation of Information and Publicity has been set up under the Fifth Plan to undertake evaluation studies mainly through professional agencies in the country to assess the reach, cost benefit value, and impact of the various media including films.

[Ministry of Information and Broadcasting Office Memorandum No. H. 11013/23/74-F(A), dated the 7th December, 1974].

### **Recommendation (Serial No. 52, Para 4.24)**

The Committee note that a number of film studios particularly in Bombay region have closed-down and the remaining studios do not have sufficient work. While the main reason for the present condition of these studios is that a large number of producers are now shooting their films on outdoor locations, the lack of modern and sophisticated equipment, is also responsible for their present condition. The Committee note that the studios are not being granted sufficient import licences for the import of equipment. While no foreign exchange was granted for the import of studio equipment during the years 1969-70 and 1971-72, only an amount of Rs. 40 lakhs was granted during 1970-71, Rs. 65 lakhs, during 1972-73 and Rs. 50 lakhs during 1973-74. The Committee further note that import licences for the studio equipment are being granted on *ad hoc* basis only. It appears that these licences are tied to imports from parti-

cular countries without making sure about the availability of best quality equipment for studios and laboratories there. The result has been that the necessary imports do not materialise.

The Committee regret that so far no attempts have been made to assess realistically the requirements of the film industry in the matter of import of studio equipment etc. and it was only in October, 1973 that Government have set up a Film Materials Imports and Distribution Panel to assess the requirements of the film industry in the matter of raw films, studio and laboratory equipment etc. The Panel was yet to finalise its findings in the matter. The Committee feel that there is an urgent need to make a proper assessment of the requirements of the film industry in the matter of studio and laboratory equipment etc. and to arrange timely supplies so that the studios and laboratories may not continue to suffer for want of modern and sophisticated equipment and may become economically viable.

The Committee feels that there is also an urgent need to draw prospective plan for the next ten to fifteen years about the requirements of the film industry in the matter of studio and laboratory equipment so that concerted efforts could be made to develop indigenous equipment within the country wherever possible and to arrange for the import of remaining equipment in well planned manner. The Committee hopes that Government would initiate appropriate action in this behalf urgently.

### **Reply of Government**

The Government is conscious of the need for modern and sophisticated equipment by the film industry and issue of necessary licences for this purpose every year. Due to very tight position in regard to foreign exchange, it is not practicable to liberalise allocation of foreign exchange. While some of the licences are issued on actual users basis, import of studio equipment upto 50 per cent of the replenishment entitled under the registered exporters policy is also permitted. Recently, a provision has been made in the Import Trade Control Policy for 1974-75 for import of 16 mm and 8 mm super cameras and equipment required for making TV Films. The foreign exchange allocation for the year 1975 is also proposed to be enhanced. As for actual imports, in order to effect saving of valuable foreign exchange, the emphasis is laid on imports, as far as possible, from the RCA. The position in this respect as already been explained by the representatives of Ministry of Commerce during evidence, is to the effect that all matters pertaining to foreign exchange spendings

need the clearance of the Ministry of Finance. The usual tendency of the film industry is to press for imports only from GCA and no efforts are usually made by the applicants to effect imports from RCA.

With the setting up of the Film Materials Imports and Distribution Consultative Panel, further improvements are likely to be made in the matter of assessment of the industry's requirements of equipment etc. and their distribution.

The Committee's suggestion for long term plan for assessment of the industry's requirements of studio/laboratory equipment to help develop indigenous production has been noted. In fact, already a large number of units are manufacturing studio and lab. equipment, in the country. So far there has been no shortage of indigenously produced equipment, however, if it is felt that there is need to augment the existing capacity of some manufacturing units appropriate remedial action will be taken.

[Ministry of Information and Broadcasting Office Memorandum No. H. 11013/23/74-F(A), dated the 27th February, 1975].

#### **Recommendation (Serial No. 53, Para 4.25)**

The film industry have complained to the Committee about the unsatisfactory quality and delayed supplies of the processing machines by an indigenous manufacturer. The Committee are surprised that the film industry has not brought this matter before the Government in full details. The Committee have no doubt that Government would look into this matter and take remedial measures at an early date.

#### **Reply of Government**

No specific instances of the unsatisfactory quality and delayed supplies of the processing machines by an indigenous manufacturer have been brought to notice by the film industry. Remedial action would be taken if specific instances are cited and brought to notice of the Government.

[Ministry of Information and Broadcasting Office Memorandum No. H. 11013/23/74-F(A), dated the 27th February, 1975].

#### **Recommendation (Serial No. 54, Para 4.26)**

The Committee note that the study about the conditions of studios in the eastern region has already been made and remedial measures have been suggested to improve the conditions. They feel that there is an urgent need for an enquiry in depth about the conditions of studios in the Bombay and Southern region also, so that

concerted follow up action for improving the conditions of these studios may be taken.

### **Reply of Government**

The study about the conditions of studios in the eastern region was made, following closure of some studios and consequential fall in film production resulting in unemployment. The studios in Bombay and Madras are doing well due to increase in production. Obviously, there is no need at present to constitute similar studies in these regions. However, as and when the Film Council is set up, it would, among other things, consider undertaking periodical reviews of various aspects of the film industry including the state of studios etc.

[Ministry of Information and Broadcasting Office Memorandum No. H. 11013/23/74-F(A) dated the 28th October, 1974].

### **Recommendation (Serial No. 55, Para 4.43)**

The Committee note that the black and white films in the country are being manufactured by the Hindustan Photo Films Manufacturing Company which is a Public Sector Undertaking. The colour raw films are not manufactured in the country and are being imported. The Committee further note that the production of raw films in the Hindustan Photo Films Manufacturing Company is only about 2/3rd of its installed capacity. Although the representative of the Ministry of Industrial Development has claimed that the product of the Company is of the requisite standard, a number of representatives of the film industry have stated that the product is sub-standard and the prints do not last for sufficient period. Even the representative of the Films Division in his evidence before the Committee has admitted that the life of the positives produced by Hindustan Photo Films Company is shorter in comparison with the life of the importer raw films, and the prints of their product become worn-out more quickly. In the case of black and white negative, the product is not yet acceptable to the film industry. The Committee on Public Undertakings are already examining the working of this Undertaking in detail and would be giving their Report in this regard. The Committee would emphasise that Government should ensure that the products of these Undertakings are of the requisite standard and acceptable to the film industry. The Committee recommend that Government should get the product of the company examined by an independent technical body so that apprehensions of the film industry in this respect may be set at rest. Moreover, the production of raw films and its availability should be planned in such a way that there is



no need for import of raw film as happened recently and the film industry in the country does not suffer for want of raw films.

### **Reply of Government**

The black and white films manufactured by the Hindustan Photo Films is comparable in quality to the imported product. The quality of Hindustan Photo Films is sound film is also now acceptable to the industry and its import has been stopped. The industry, however, is still apprehensive about the quality of black and white negative which continues to be imported. On the whole, the quality of cine film produced by Hindustan Photo Films is satisfactory and complaints received on this count are negligible.

Hindustan Photo Films has organised an effective service set-up for an on-the-spot investigation of any complaints received from the industry. It has also been decided to constitute an Advisory Committee of users and also to have a representative of the industry on the Hindustan Photo Films Board. These steps are likely to help in maintaining quality control and safeguard the interests of the users.

As for the production of indigenous films, the Hindustan Photo Films has now stepped up the production of black and white film. As against the production of 1.38 million sq. metres. of cine film in 1973, the production for the year ending 31st March, 1974 was 1.505 million sq. metres., which is adequate to meet the country's demand. Further, in order to meet fluctuations in demand, Hindustan Photo Films maintains buffer stock equal to the requirements of the industry for 2 to 3 months.

[Ministry of Information and Broadcasting Office Memorandum No. H. 11013/23/74-F(A) dated the 26th November, 1974].

### **Recommendation (Serial No. 56, Para 444)**

The Committee note that the distribution of raw films in the country has been taken over by the Film Finance Corporation and that Government intend to keep a buffer stock atleast for 60 days. The Committee would like to be apprised of the concrete steps taken by Government in this regard.

### **Reply of Government**

The Film Finance Corporation which is the canalising agency for import and distribution of film raw stock, has been advised

to provide for a 60 days buffer stock to tide over seasonal imbalance in demand and supply and periodic difficulties.

[Ministry of Information and Broadcasting Office Memorandum No. H. 11013/23/74-F(A) dated the 28th October, 1974]

#### **Further information called for by the Committee**

Please state if the Film Finance Corporation has taken necessary steps to provide for a 60 days buffer stock of imported raw films.

[Lok Sabha Secretariat Office Memorandum No. 5/12/1/ECII/74, dated the 7th March, 1975].

#### **Further Reply of Government**

The requirements of raw stock for 1975-76 are being finalised and buffer stock to the extent of 10 per cent of the actual requirements has been included in them.

[Ministry of Information and Broadcasting Office Memorandum No. 2/29/74-FPC(A) dated the 18th March, 1975]

## CHAPTER III

### RECOMMENDATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF GOVERNMENT'S REPLIES

#### Recommendation (Serial No. 3, Para 1.20)

The Committee note that India is at present the largest producer of feature films in the world, producing more than 400 feature films every year. The industry is stated to have an investment of about Rs. 180 crores. It provides employment to about 2 lakh persons and contributed about Rs. 70 crores to the State in the form of various taxes. However, the Committee regret to note that quite a number of Indian films cater to the lower instincts of the public by depicting sex, crime, violence and nudity and these trends in the films are on the increase. While noting the efforts of the censors to delete these scenes from the films, the Committee would like to point out that the weapon of censorship is essentially negative in character and cannot by itself bring out concrete improvement in the aesthetics content of the films. Government will have to take more positive steps to encourage the production of purposeful films in the country.

#### Reply of Government

The question of improving the quality of Indian films has always been engaging the attention of the Government. Entertainment tax and other cesses are within the purview of the State Governments. Efforts have been made to persuade them to rationalise the tax and divert it for development, but the States have found it difficult to agree. Some of the positive steps already taken to encourage production of purposeful films are:—

- (i) institution of National Awards in 1952;
- (ii) Setting up of the Film Finance Corporation in 1960 to finance production of purposeful films of good standard and quality;
- (iii) setting up of the Film and Television Institute in Poona in 1961 for training of artistes and technicians;

- (iv) utilisation of film expositions in India and abroad organised under the Cultural Exchange Programmes and other programmes, to project the image of Indian cinema and promote commercial sales for the theatrical and non-theatrical circuits; and
- (v) introducing the concept of selectivity for the import of films.

The setting up of the National Film Council is also expected to serve as yet another positive step to encourage the purposeful films.

[Ministry of Information and Broadcasting Office Memorandum No. H. 1103/23/74/F(A), dated the 28th October, 1974]

#### **Recommendation (Serial No. 4, Paras 2.10 to 2.12)**

The Committee note that the banks and other public institutions are not providing loans to the film industry as they consider it to be a high risk business with the result that the film producers are left at the mercy of private financiers who generally charge exorbitant rates of interest ranging from 35 per cent to 60 per cent and also insist on the inclusion of scenes depicting sex, violence and nudity to ensure its success at box office. The Committee consider that the existing system of financing of the film industry is the main factor responsible for the present deterioration of standards of Indian films.

The Committee are unhappy that the authorities have not taken effective steps to provide the film industry with institutional finance, in spite of the recommendations made by the earlier Enquiry Committees. The result is that this industry has been left at the mercy of unscrupulous financiers and black money has come to play a dominant role in this industry. The Committee feel that if any purposeful improvement is intended to be made in the standard of films and the films are to be converted into a vehicle of communication for uplifting the masses it is imperative that a system of providing finances to the film industry at reasonable rates of interest and acceptable terms has to be evolved.

The Committee note that some of the commercial banks in the country have started giving loans, though in a marginal manner to the film producers. The Committee understand that in other countries like France and England, film-makers are given loans by the Banks. The Committee see no difficulty why Government nationalised Banks cannot see their way to make institutional finances available to the film industry on a stable and long term basis, to

enable this vital industry, with immense power to influence the masses of the country particularly the youth, to run on sound lines and improve its standards. Government should lay down appropriate guidelines to ensure that institutional finance is available making films which have an audience appeal as also subserve socio-economic objectives.

### **Reply of Government**

There is no embargo on the banks' extending loans to the film industry. The availability of the resources with the banking system being rather limited and the demands made on them being large, a system of priorities has to be inevitably followed. In providing credit, the banks thus give higher priority to those sectors which fit in into the framework of national priorities. While it is true that from the point of view of cultural and entertainment aspects the film industry occupies a place of great importance, it is doubtful if in the present economic setting, when productive requirements are of paramount importance, the needs of the film industry can be given a high priority by the banking system. Apart from credit plan, a banker would still feel reluctant to finance the film production because of high risk element involved like low equity stake of the producer in the total cost of his film, absence of audited accounts for meaningful credit analysis, difficulty in assessing profitability estimates, etc. Financial assistance by banks to the film industry can at best be marginal in the near future. Some finance is extended even now to producers of small budget films by way of assistance under small business finance schemes, but the scope of such assistance is limited.

[Ministry of Information and Broadcasting Office Memorandum No. H. 11013/23/74-F(A), dated the 27th February, 1975].

### **Recommendation (Serial. No. 5, Para 2.13)**

The Committee further note that finances are not being provided by the banks and Life Insurance Corporation even for the construction of cinema houses in the country which hardly constitute a risky proposition. The Committee recommend that in view of the general shortage of cinema houses in the country, and the potential returns to the Public Exchequer in the form of entertainment tax etc., a system of providing finances for the construction of cinema houses by Public Institutions should be evolved expeditiously.

### **Reply of Government**

The matter of financing the construction of cinema houses by public sector banks was taken up with the Ministry of Finance. The banks are at present suffering from severe constraint on their resources as they are pressed very hard by a number of priority sectors like exports, agriculture, Small Scale Industry etc. It would therefore, be difficult for such banks to sponsor any large scale meaningful programme of financing cinema theatres in the country, although they would continue to finance, on merits, individual cases as hithertofore.

[Ministry of Information and Broadcasting Office Memorandum No. H. 11013/23/74-F(A), dated the 27th February, 1975].

#### **Recommendation (Serial No. 11, Para 2.36)**

From the statistics of loans granted by the Film Finance Corporation to the producers of films, it is seen that during 1971-72 and 1972-73 while an amount of Rs. 23,81,972 was granted to the producers from Bombay, the amount granted to the producers from Madras and Calcutta was Rs. 1,50,000 and Rs. 5,15,520 respectively which form only a small percentage of the total loans granted by it. There appears to be some force in the argument of the producers of these regions that the Corporation has not been able to provide sufficient financial assistance to them as there are no regional offices of Corporation in these areas. The Committee would like this to be gone into carefully. In the meantime, the Film Finance Corporation should maintain close liaison with the Film Industry in Madras and Calcutta and should make adequate arrangements to process loan applications from these regions expeditiously. The Committee would like the Board of Directors to hold one meeting in a year at least in Madras, Calcutta etc., so as to study first hand the requirements of picture producers in regional languages, give them opportunity to represent their viewpoint and extend them necessary assistance.

### **Reply of Government**

In granting loans, the Film Finance Corporation is solely guided by the subject and the quality of the scripts presented, the calibre of the production units of the applicant and the economic viability of the project. The Corporation does not give any preferential treatment to any particular region. Loans have been given to films in different Indian languages. Recently the Corporation has opened a small office in Madras mainly to attend the trading activities.

In the present financial difficulties, it is not possible for the Corporation to set up regional offices. However, the Corporation holds from time to time Board's meetings in Madras, Calcutta, Delhi etc. to form a direct appreciation of the film scene. Opportunity is taken to discuss needs and problems with leading film producers. But the main difficulty still remains, namely, extremely limited resources which do not go far enough to meet the needs of a large cinema industry.

[Ministry of Information and Broadcasting Office Memorandum No. H. 11013/23/74-F(A), dated the 28th October, 1974].

#### **Recommendation (Serial No. 20, Para 2.90)**

The Committee note that although Film Enquiry Committee, 1951 and the Enquiry Committee on Film Censorship, 1969 have highlighted the evils of the prevailing star system in the film industry, no concrete steps have so far been taken by the Government to eradicate this evil from the film industry. Even the setting up of the Film and Television Institute of India, Poona has not been able to remove this evil from the film industry. The Committee feel that as a substantial portion of the finances of the producers are spent on paying exorbitant fees to these stars, very little is left with them to spend on the remaining artists and that is one of the main reasons for the low payment to and consequent pitiable conditions of the junior artists and 'extras' in the film industry. The preponderance of star system has also given rise to the domination of black-money in the film industry as the film stars demand a major portion of their fees in the form of unaccounted money. Moreover these stars take up a number of film assignments simultaneously. Obviously it may not be possible for them to do full justice to all the roles at the same time. The result is that not only the quality of the films suffers greatly but there are inordinate delays in the completion of films leading to rise in the cost of production of films. The Committee suggest that Government should make a serious study of this problem with a view to remove the evil of star system. Apart from other measures, the first step could be to increase the intake of artists in the Film and Television Institute of India, Poona considerably. It may also be considered whether the number of films in which a star can work at one time, be limited. The Committee note that after the setting up of the Film Council, the Government propose to take some measures in this direction. The Committee, however, feel that as the setting up of the film council may take some more time, it is necessary that some concrete measures in this direction are taken without delay.

### Reply of Government

Government is fully aware of the problems of the star system and its impact on the film industry as a whole. The Film Institute has helped train and throw up new talent which has somewhat moderated the pressure of star system. Similarly, the Film Finance Corporation has been sponsoring low-budget films featuring new talent. But the problem is far more complex. Unless the financial structure of the Industry changes, these small initiatives, howsoever significant will remain of limited impact.

[Ministry of Information and Broadcasting O.M.  
No. H. 11013|23|74-F(A), dated 7th December, 1974].

### Further Information called by the Committee

Please indicate the action taken on the recommendations of the Committee regarding increasing the intake of students in the Film and Television Institute of India, Poona and limiting the number of films in which a star could work at one time.

[Lok Sabha Sectt. O.M. No. 5|12|1|ECII|74 dated the March 7, 1975].

### Further reply of Government

In pursuance of the recommendation of the Khosla Committee, the Governing Council of the Institute has decided to introduce on an experimental basis, a new two year Common Course in Cinema. A new pattern of teaching has been devised for the Common Course which is to commence from the current Academic Year. Initially, the admission capacity of the course is limited to twenty students only. The Institute proposes to increase the intake of students after analysing the result of the new pattern of teaching and also after augmenting the teaching facilities.

As regards the question of limiting the number of films in which a star could work the Government are of the opinion that imposing of such a condition at present is not feasible. The proposed Film Council may be able to evolve a code of conduct in consultation with the Film Industry, to regulate matters of this kind.

[Ministry of Information and Broadcasting Office Memorandum  
No. 12010|3|75-FTI(FA) dated 10th June, 1975].

### Recommendation (Serial No. 21, Para 2.91)

The Committee note that as the working life of the film stars is short they are tempted not only to sign for a large number of film assignments at the same time but also to accept part payment



of their fees in the form of unaccounted money. The Committee feel that in view of the special circumstances of these stars and artistes in view of the fact that they have to incur a lot of expenditure in maintaining their image, there is a strong case for the liberalisation of tax structure in the case of film artists. In this connection, the Committee would like to point out that the recent reduction of the rate of income tax at higher slabs announced for the financial year 1974-75 may prove of some help in the matter. They would, however recommend that the question of giving these stars further relief in taxation should also be considered by Government so as to encourage these film stars to desist from accepting payments in unaccounted money. The Committee note that annuity scheme is under the consideration of Government and that a suitable provision has been made in the Taxation Laws (Amendment) Bill, 1973 which is under consideration of the Select Committee. The Committee hope that due consideration will be given to the problem of the film stars and that early action will be taken to enact suitable legislation in this behalf.

### **Reply of Government**

The recommendation has been brought to the notice of the Central Board of Direct Taxes for such action as considered necessary.

[Ministry of Information and Broadcasting Office Memorandum  
No. H. 11013/23/4-F(A) dated 19th March, 1975].

The Ministry of Information and Broadcasting have further stated that the Ministry of Finance have informed that:—

“In Para 2.216 of its final report the Direct Taxes Enquiry Committee (Wanchoo Committee) recommended that the film stars should be given an option to be assessed on the amount of annuity received during the year instead of the total remuneration stipulated in an agreement. This recommendation was accepted by the Government and a provision was introduced in the Taxation Laws (Amendment) Bill, 1973 (Clause 51). The Select Committee on this Bill which submitted its report to the Lok Sabha on the 20th March, 1975, has, however, omitted the said clause from the Bill, as it is of the opinion that the proposed provision is not necessary because “even under the existing law, more or less the same position, as is envisaged in the proposed provision, is secured in respect

of remuneration received by the film artistes in the form of annuity.”

[Ministry of Information and Broadcasting, O.M. No. 18|18|74-FI dated the 9th April, 1975].

### **Recommendation (Serial No. 25, Para 2.107)**

The Committee note that Government of India had appointed an Enquiry Committee in 1972 to examine the difficulties of the film industry in West Bengal and that Committee have made a number of valuable suggestions to help the film industry in that State. The Government have already taken some steps for the implementation of the recommendations of this Committee. The Committee recommend that expeditious steps may be taken by the Government to take decision on all the recommendations and implement them at the earliest. The Committee suggest that similar studies may be undertaken of the problem facing producers of regional films in other centres so that remedial measures could be taken in the light thereof.

### **Reply of Government**

The recommendation of the Study Team on West Bengal film industry concerning the Central Government have already been implemented. In order to evolve a concerted and target-oriented programme of action for the development of the film industry in West Bengal, a Steering Group, headed by a Director in the Information and Broadcasting Ministry has been set up. The terms of reference of the Steering Group are to examine in depth the recommendations of the Study Team and to formulate a feasible and practicable programme of action and also formulate specific action programme for the development of the film industry in West Bengal.

The Study Team was set up in pursuance of a suggestion made in the Lok Sabha arising out of the crisis in the West Bengal film industry following closure of Studios etc. Such a situation has not developed in other regional film production centres so far. The question of setting up similar study teams for other regions will be considered by Government as and when necessary.

[Ministry of Information and Broadcasting, O.M. No. 11013|23|74-F(A), dated the 28th October, 1974].

**Recommendation (Serial No. 29, Para 2.120)**

The Committee further note that there is no specialised staff in our Embassies in foreign countries to deal with the export of Indian films. The Committee recommend that the question of posting special officer for the promotion of export of films in our embassies may be examined by the Government so as to try it out on a pilot basis in those countries where there is considerable scope for the export of our films.

**Reply of Government**

Embassies and Missions abroad can at best perform *ad hoc* functions. Government appreciates the need of special attention to the promotion of export and is going to set up the National Film Corporation which will be responsible for import and export and will consider appropriate promotional measures.

[Ministry of Information and Broadcasting Office Memorandum No. H. 11013|23|74-F(A) dated the 26th November, 1974].

**Recommendation (Serial No. 34, Para 2.148)**

The Committee note that a number of our delegates who have anticipated in earlier film festivals have made useful recommendations on the basis of experience gained and that Government have taken action on a few of these recommendations only. The Committee would like that the reports submitted by our delegates to these international film festivals should be examined closely and corrective action taken expeditiously so as to derive the maximum benefit from our participation in these festivals in future.

**Reply of Government**

The recommendation of the Estimates Committee has been noted. On the basis of earlier suggestions made by the Delegates to various International Film Festivals abroad it has already been decided that Government will arrange for air-freighting of films nominated by Government to various Festivals abroad and also meet part of the travel expenses of the delegates of the films nominated for participation in the Festival abroad.

[Ministry of Information & Broadcasting Office Memorandum No. H. 11013|23|74-F(A), dated 18th March, 1975].

**Recommendation (Serial No. 51, Para 3.97)**

The Committee note that Government instituted the National Film Award Scheme in 1954 with a view to encourage production

of films of high aesthetic and technical standard and of educative and cultural value, and with the passage of time, these awards have come to acquire a position of distinction in the country. The Committee feel that there is a case for enlarging the scope of national awards scheme so as to cover some more categories like art direction, etc. While welcoming the steps taken by Government in increasing the amount of film awards, the Committee hope that further steps will be taken to enhance the amount of Awards consistent with increased costs and to enlarge the film awards scheme to other categories also.

The Committee further recommend that Government should also arrange for the purchase of sizeable number of prints of the national awards winning films for field publicity organisation and arrangements made for the exhibition of these films in mofussil towns and rural areas also. The Committee recommend that State Governments should be persuaded to grant exemption from entertainment tax to all Award winning films so as to encourage large audiences to see them. They could also like arrangements to be made for dubbing of the award-winning regional films in Hindi and other languages as this would promote better appreciation of advances made in film making in various parts of the country and will help national integration and promote national appreciation of aesthetic values.

### **Reply of Government**

The suggestion of the Committee for enlarging the scope of National Award Scheme to cover more categories like art direction etc. will be borne in mind while undertaking the next review of the scheme of National Awards. Subject to availability of resources, the question of enhancing the awards consistent with the present increased cost will also be examined. The Directorate of Field Publicity are already purchasing the prints of award winning films depending on the thematic value and the message the films propagate. The National Awards have been instituted for encouraging production of film of high aesthetic and technical standard and of educative and cultural value and not all the films winning awards will be suitable for exhibition through the Field Publicity Units. The question of exemption from entertainment tax of the award winning films had already been taken up with the State Governments. The recommendation for making arrangements for dubbing of the award winning, Regional Films in Hindi and other languages has been noted. As an experimental measures the Film Finance Corporation has already agreed in principle to advance Rs. 15,000/- for para-dubbing and Rs. 50,000/- for dubbing of the Regional language films in Hindi. To begin with the film "Nirmalyam" (Malyalam) and "Kaadu"

(Kannada) have been approved as pilot project. Further details of the scheme are being worked out by the Corporation.

[Ministry of Information and Broadcasting Office Memorandum  
No. H. 11013|23|74-F(A) dated 10-3-1975].

**Recommendation (Serial No. 57 para No. 4.45)**

The Committee further note that colour films in the country are being released only on export guarantees as their import involves valuable and scarce foreign exchange. The Committee would like to point out that all the world over there is a growing tendency for the production of films in colour and that pictures in black and white are gradually falling out of use. If Indian pictures have to cater to a wide market in foreign countries and have to attain wide acceptance, more and more pictures would have to be produced in colour. The Committee would like Government to take note of this world trend and take suitable measures for manufacturing of colour films of proven quality and general acceptability within the country.

**Reply of Government**

The Hindustan Photo Films had, in fact, submitted a proposal for manufacture of four million square metres of colour film per annum in the Fifth Five Year Plan but due to paucity of funds, the proposal could not be accepted by the Planning Commission.

From this year, however, under an agreement entered into by the Hindustan Photo Films with M/s. ORWO of G.D.R., H.P.F. is processing colour Jumbo rolls imported from G.D.R. into rolls of standard sizes. A total of eight lakh metres of colour positive cine film will be imported under this Agreement during 1974, ten lakhs metres in 1975 and twelve lakh metres in 1976. Similar negotiations are in progress with M/s. AGFA, GEVAERT.

At present there is no scheme to manufacture colour cine film in the country. The Government is, however, seized of the matter and will take necessary steps when the resources position improves.

[Ministry of Information and Broadcasting Office Memorandum  
No. H. 11013|23|74-F(A) dated the 7th December, 1974].

**Recommendation (Serial No. 60 para No. 5.18)**

The Committee welcome the suggestion made by an eminent representative of the film industry that a Trust should be created for those persons in the film industry who fall on lean days in their old age and who are in financially difficult circumstances. The Committee are pained to note that not only the junior artistes, extras and technicians but many eminent persons who produced memorable films in their working life, are today in strained financial circumstan-

ces and have nothing to fall back upon in their old age. The Committee are happy to note that the Government have welcomed the suggestion and have expressed their willingness to participate in the scheme for the creation of such a Trust. The Committee would like Government to take the necessary initiative and extend full co-operation to the film industry in evolving a comprehensive scheme for such a Trust. They have no doubt that public spirited persons in the film industry will, not only extend a helping hand but will take a lead in ensuring that the Trust, to help the needy persons who have served the film industry, become a reality and fulfils a long felt need. The Committee would like to be informed within six months of the actual progress made in setting up the Trust and in extending assistance to the needy artistes, technicians etc.

### **Reply of Government**

The scheme to create a Trust has not so far been brought to the notice of the Government by the film industry. Government are, however, considering a proposal to establish a Film Development Fund by levying a small cess on cinema tickets which among other things could be used for providing financial assistance to the needy artistes and technicians. Once established, there would be sufficient room for the film industry also to lend a helping hand.

[Ministry of Information and Broadcasting Office Memorandum No. H. 11013/23/74-F(A) dated the 7th December, 1974].

### **Further Information Called for by the Committee**

Please intimate the position regarding the establishment of a Film Development Fund by levying a small cess on cinema tickets.

[Lok Sabha Sectt. O.M. No. 5/12/1/ECII/74 dated the March 7, 1975]

### **Further Reply of Government**

The proposed Film Development Fund to be established through a levy of 5 paise on each cinema ticket sold, will be administered by a Film Fund Agency which will function as an integral part of the Film Council. The setting up of the Council is likely to take some time.

[Ministry of Information and Broadcasting Office Memorandum No. 8/7/75-FPC(A) dated the 15th May, 1975].

## **CHAPTER IV**

### **RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE**

#### **Recommendation (Serial No. 7, Para 2.32)**

The Committee note that in pursuance of the recommendations of the Film Enquiry Committee 1951, Government set up a Film Finance Corporation in 1960 to finance the production of purposeful and low budget films and that since its inception, the Corporation has provided finances to 116 producers and have given loans amounting to Rs. 225 lakhs. While appreciating the establishment of the Film Finance Corporation, the Committee regret to note that during its existence for about 14 years, the Corporation has been able to provide finance to producers of only 116 films which works out to about 7 or 8 films a year. The Committee feel that providing finances to only 7 to 8 films in a year out of about 430 feature films produced in the country, is not adequate and cannot make any real impact on the film industry in the country.

#### **Reply of Government**

Government is aware that financing of more and more films by Film Finance Corporation annually could go a long way in having the desired impact on the film industry in the country. However, in the present financial difficulties, the Film Finance Corporation is not able to raise adequate finances from Government of banking institutions to give loan to a larger number of films in a year. The position could improve only with more plentiful financial resources and all efforts will be made to achieve the objective in view.

[Ministry of Information and Broadcasting Office Memorandum No. H. 11013/23/74-F(A) dated the 4th November, 1974(A)].

#### **Further Information Called for by the Committee**

Please intimate if the question of providing adequate funds to the Film Finance Corporation was taken up with the Ministry of

Finance? If so, the response of the Ministry of Finance in the matter may be intimated.

(Lok Sabha Sectt. O.M. No. 5|12|1|ECII|74 dated the 7th March 1975).

### **Further Reply of Government**

On receipt of a proposal of Film Finance Corporation for conversion of a portion of Government loans into equity capital aimed at indirectly providing funds to the Film Finance Corporation for financing more films, the Ministry of Finance were moved. However, after careful consideration that Ministry found it difficult to commend the proposal.

[Ministry of Information and Broadcasting Office Memorandum No. 11|12|74-FI (Vol. II dated the 20th March, 1975)].

### **Comments of the Committee**

Please see comments under Chapter I.

### **Recommendation (Serial No. 8, Para 2.33)**

The Committee are concerned to note that a large number of producers who were given loans by the Film Finance Corporation have failed to repay their loans. More than 50 per cent of its outstanding loans i.e. an amount of Rs. 5,92,607 are considered doubtful, while a sum of Rs. 12 lakhs has already been written off as bad debts. The Committee appreciate that the Corporation was set up to finance low-budget films of artistic value etc., and was new to this field, hence some bad debts could have arisen in the initial period of its working. But the large loan outstandings and the heavy bad debts are clear indications that its working has not been satisfactory and it was not run on sound business principles. It should have been apparent to the management of this Corporation that the films are primarily a means of entertainment and unless the films financed by the Corporation provide good entertainment to the people, they will not be acceptable to the masses and would not yield return to the producers. The Committee consider that besides aesthetic value, the Corporation should also keep the entertainment and commercial aspect in view, while giving loans to film producers. The Committee understand that Government is already conducting a review of the performance of this Corporation. The Committee would like Government to go in detail into the causes of the heavy outstanding loans granted by the Corporation and help evolve guidelines for granting loans in future to obviate recurrence of such cases. The Committee would also like Government to consider the question of making sufficient funds available to Film Finance Corporation on an assured basis so that the Corporation is enabled to grant loans to producers on a larger scale.



which could have a real impact in improving the standards of films produced in the country. The Committee are convinced that if the films financed from the Corporation funds, had been selected on the basis of objective criteria and in consultation with the producers and other eminent artistes of proven standing who have won national/international awards, such situation would not have come to pass. The Committee stress that in reconstituting the Corporation, Government should give full representation to producers of proven standing and other artistes who have made their mark so as to select the best films which would subserve the social objectives, raise aesthetic content of films and also provide healthy entertainment to the masses. The Committee need hardly point out that the producers and other artistes who find representation in the Corporation should, under no circumstances, recommend financial aid for films to be produced by them or for them.

The Committee also suggest that the films produced by the Film Finance Corporation should be reviewed periodically by a high level panel of experts, one in two years at least, so as to make sure that finances are being channelised for approved objectives, and would not result in adding films to shelves which do not have adequate public appeal and therefore do not get screened on an adequate scale to pay back the loans incurred. The loans of the Film Finance Corporation should be the first charge on the producers.

The Committee are greatly concerned to note that a large number of films which have been financed by the Corporation have not yet been screened. The Committee are given to understand that in Britain assistance from Film fund is related to the takings of a film at the box office. With a view to put a premium on public appeal of films financed by the Corporation, the Committee would like Government to examine how best the criteria followed in Britain could be given due weightage in giving financial assistance to films produced out of the Corporation's funds.

### **Reply of Government**

Necessary guidelines have been given to F.F.C. However, film financing is a speculative business with inherent risks. In order to off-set some losses on subvention calculated at the rate of 10 per cent of the loans disbursed by F.F.C. in a year, is given in the next

year. An officer each of the Ministry of Information and Broadcasting and Ministry of Law is at present examining bad and doubtful debts of the Corporation to suggest measures for their recovery. It is economically unsound to finance films out of funds, borrowed from sources other than the Government. With the expansion of the Corporation's activities its financial position is slowly improving.

2. The affairs of the Corporation are managed by its Board of Directors. The Board is constituted by the Government every year and includes eminent Directors, Producers and Writers etc. The Corporation has benefited by the association of these eminent persons of proven standing and ability as members of the Board of Directors.

3. A large number of the films financed by the Corporation having won a number of national and international awards in various categories year after year is in itself a testament to the Corporation's style of working and that its finances are being canalised for the approved objectives of making good quality films.

4. Government do not consider that it will help and promote the creation of aesthetically beautiful and socially significant films if loans are given only to the makers of films which succeed at the box office.

[Ministry of Information and Broadcasting Office Memorandum No. H. 11013/23/74-F(A), dated the 26th November, 1974].

#### **Further Information called for by the Committee**

Please intimate specific action on the recommendation of the Committee that the films financed by the Film Finance Corporation should be reviewed periodically by a high level panel of experts and that the loans of the Film Finance Corporation should be the first charge on the Producers.

[Lok Sabha Sectt. O.M. No. 5|12|1|ECII|74 dated the 7th March. 1975].

#### **Further Reply of Government**

Since finances of Film Finance Corporation are being canalised for the approved objectives of making good quality films, Government does not consider it necessary that the films financed by the

Film Finance Corporation should be reviewed periodically by a high level panel of experts.

The Corporation has first charge on films financed by it.

(Ministry of Information and Broadcasting Office Memorandum No. 11|12|74-FI dated the 20th March, 1975).

### **Comments of the Committee**

Please see Comments under Chapter I.

### **Recommendation (Serial No. 37, Para 3.19)**

The Committee note that Government is evolving a comprehensive film policy for the regeneration of Indian films and for the implementation of that policy it is planned to set up a National Film Council and National Film Corporation. The Committee fail to understand why it should have taken 26 years for the Government after independence to realise the need for evolving a comprehensive film policy for the proper and healthy development of the film industry. The Committee is of the definite view that the isolated and fragmented steps taken so far by Government in respect of film industry have failed to make the desired impact on the industry as is evidenced by the chaotic conditions prevailing in the film industry. The Committee recommend that a comprehensive film policy should be finalised by Government at an early date and placed before Parliament so that Members get an opportunity to examine and discuss it fully.

### **Reply of Government**

The recommendation of the Committee has been noted. A comprehensive film policy evolved by the Ministry was discussed at a Consultative Committee meeting of the Members of Parliament attached to the Ministry of Information and Broadcasting, in October, 1972. The policy envisages an integrated two-pronged policy for the development of the film industry. One of the pillars of this policy is the setting up of a multi-directional multi-functional apex body in the public sector to look after the commercial, financial and import and export needs of the industry. The second pillar of the policy is the setting up of an overseeing disciplinary and regulatory body, namely the Film Council.

The proposal for setting up of National Film Development Corporation has been approved by the Cabinet and action is already in hand for registration of the Corporation shortly as a public sector Company.

The Film Council, another apex body, is proposed to be set up as a statutory organisation and the details are still under consideration.

[Ministry of Information and Broadcasting O.M.  
No. H. 11013/23/74-F(A), dated 27-2-1975].

### **Comments of the Committee**

Please see comments under Chapter I.

### **Recommendations (Serial No. 39, Para 3.30)**

The Committee note that one of the major recommendations of Film Enquiry Committee, 1951 was that early steps should be taken to set up a statutory Film Council of India as the Central authority to superintend and regulate the film industry and to act as its guide, friend and philosopher and to advise the Centre and State Governments in regard to the various matters connected with the film industry. The Committee regret to note that although 23 years have elapsed since the Film Enquiry Committee submitted their Report necessary steps to set up the Film Council have not been taken by the Government so far and the Film Council has not yet come into existence. The Committee are not convinced by the arguments advanced by the representatives of the Ministry of Information and Broadcasting that all this time has been taken in consultation with the representatives of the film industry. The Committee have an impression that it is the vacillating attitude of the Government which has been responsible in the main for the inordinate delay in the setting up of this Film Council. The Committee feel that had the Film Council been set up in time, it would have provided a more positive incentive and the direction to the film industry to develop on healthy lines and the film industry would not have been reduced to the present chaotic conditions. The Committee would like to point out that the Film Enquiry Committee, 1951 had themselves remarked while concluding their Report that "We would emphasise that in this as in most of other matters of reform in this country, time is the essence and with the experience of last Committee before us, we are naturally apprehensive lest similar delay should again result. Our study of the conditions in the industry convinces us that while the industry could somehow muddle through the spite of that delay, now there is no time to be lost and the progress of the industry downhill must be checked as quickly as possible for the benefit of all the interest concerned." The Committee regret to note that the worst fears expressed by the Film Enquiry Committee have

unfortunately come true and timely action to halt the deterioration of the film industry by setting up of this Film Council was not taken.

### **Reply of Government**

The Government regrets that there has been considerable delay in setting up the Film Council because of some legal problems. However, early steps are being taken to establish the Film Council after solving the problems.

[Ministry of Information and Broadcasting O.M.  
No. H.11013|23|74-F(A), dated 28-10-1974].

### **Recommendation (Serial No. 39 and Serial No. 40, Paras 3.31 and 3.32)**

The Committee, however, note that Government have now finally taken the decision to set up the Film Council and have also prepared their tentative proposals regarding the composition and functions of the Film Council and the functions are quite broad-based and far-reaching. The Committee recommend that effective steps for setting up the Film Council should be taken expeditiously and no more time in the matter should be lost. The Committee expect the Ministry to see that the Film Council is set up and starts functioning before the end of the year, as indicated during the evidence by the official representatives of the Ministry. The Committee have no doubt that the Film Council would see that the films in the country are not treated as a mere commercial commodity but are properly developed as an item of cultural input and powerful means of entertainment and communication to the masses. The Committee would also like that in the composition and functioning of the Film Council, proper representation should be given and co-ordination maintained with the film industry particularly, with progressive producers of standing who have pictures of proven cultural and aesthetic quality and public appeal to their credit.

The Committee need hardly emphasise that the Film Council should so conduct and manage its affairs and discharge its responsibilities that it can command willing and whole-hearted co-operation of the film industry in the implementation of national policy.

### **Reply of Government**

The Government would keep in view the recommendations of the Committee while finalizing the composition and functions of the Film Council.

[Ministry of Information and Broadcasting O.M.  
No. H.11013|23|74-F(A), dated 28-10-1974].

### **Further Information Called for by the Committee**

Please intimate the progress made in the matter of setting up of the Film Council and the likely date by which the Film Council is expected to come into existence.

### **Further reply of Government**

No further progress has been made in the proposal for setting up of the Film Council. The constitutional competence of Central Government to set up the Council and levy cess on cinema tickets is being reconsidered in consultation with the Ministry of Law. It is, therefore, premature to indicate the likely date by which the Film Council will come into existence.

### **Comments of the Committee**

Please see comments under Chapter I.

### **Recommendation (Serial No. 59, Para 5.14)**

The Committee note that the scheme for accident risk insurance does not cover the movie stunt artistes and the suggestion to cover them is under examination in the Ministry of Finance. The Committee recommend that early decision in the matter should be taken.

### **Reply of Government**

General Insurance Corporation has to operate on business principles and hence there would be certain risks which are uninsurable or where cost of insurance would be uneconomical. Insurance of movie stunt artistes may fall in such category and it is, therefore for the film industry to make adequate arrangements for such artistes.

[Ministry of Information and Broadcasting O.M.  
No. H. 11013/23/74-F(A), dated 4-11-1974].

### **Further Information Called for by the Committee**

Please intimate if Government have ascertained the position regarding the insurance of movie stunt artistes in other film producing countries.

(Lok Sabha Sectt. O.M. No. 5|12|1|ECII|74,  
dated the 7th March, 1975).

**Further reply of Government**

Government have not ascertained the position regarding the insurance of movie stunt artistes in other film producing countries.

[Ministry of Information and Broadcasting O.M.  
No. 18|24|74-FI, dated 7-5-1975].

**Comments of the Committee**

Please see comments under Chapter I.

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## CHAPTER V

### RECOMMENDATIONS IN RESPECT OF WHICH FINAL REPLIES OF GOVERNMENT ARE STILL AWAITED

#### **Recommendation (Serial No. 2, Para 1.11)**

The Committee note that although Film Industry in this country is more than 75 years old, no effort was made by the Government to study its working till 1949, when the Patil Committee was appointed to make a detailed study of the conditions of the industry. All these years the industry has developed by its own resources and by the pioneering efforts of a few persons. The Committee further note that although the Patil Committee had submitted their Report in 1951, and although some of the recommendations have been implemented by Government, the major recommendations of the Committee like the formation of a Film Council and setting up of Production Code Administration have not been implemented by the Government so far. It is only now, i.e., after a lapse of 23 years that the Government have come to the realisation that these recommendations have to be implemented.

The Committee further note that the Government appointed the 'Enquiry Committee on Film Censorship', known as the Khosla Committee, in 1968 which submitted its report in 1969. Even after four years, action on the recommendations of this Committee is still in the process of being taken. The Committee fail to understand why after appointing such Committees, urgent action is not taken by Government to process and implement their recommendations expeditiously according to a time-bound programme. The Committee recommend that urgent action should be taken by the Government to implement the recommendations of the Film Enquiry Committee (1951) and the Enquiry Committee on Film Censorship (1969). The Committee desire that action taken by Government in implementation of the recommendations of these Committees may be intimated to them within a period of six months.

#### **Reply of Government**

Action taken report on the Film Enquiry Committee (1951) was furnished to the Estimates Committee.



2. The Patil Committee had recommended the Production Code Administration as an adjunct of the Film Council. The question of setting up of the Film Council is still under consideration of the Government.

[Ministry of Information and Broadcasting O.M.  
No. H. 11013/23/74-F(A), dated 19-3-1975]

#### **Comments of the Committee**

Final action taken in the matter of setting up of Production Code Administration may be intimated to the Committee.

#### **Recommendation (Serial No. 9, Para 2.34)**

The Committee would also like the Corporation to take concerted measures to recover the outstanding loans by instituting legal proceedings, where necessary.

#### **Reply of Government**

The Film Finances Corporation has intensified its efforts to recover outstanding loans by instituting legal proceedings, etc., where necessary. A sub-committee has also been set up to review individual cases and to suggest practical methods for the recovery of loans.

[Ministry of Information and Broadcasting O.M.  
No. H.11013|23|74-F(A), dated 28-10-1974].

#### **Comments of the Committee**

The progress made in the matter of reducing outstanding loans may be intimated to the Committee. The amount of loans outstanding as on 31st March, 1974 and at present may also be intimated.

#### **Recommendation (Serial No. 12, Para 2.60)**

The Committee note that the Film Enquiry Committee 1951 had recommended rationalisation of entertainment rate at the gross rate of 20 per cent but the State Governments had agreed to the rationalisation of this tax at 25 per cent of the value of the tickets. In actual practice, however, the rate of entertainment tax has been increasing and in some of the States, it is as high as 120 per cent of the value of tickets. The general rate is about 70 per cent to 80 per cent. This high rate of entertainment tax is stated to be one of the main reasons for the low standard of Indian films as the pro-

ducers have to include all types of cheap ingredients in the film to make it a success at the box office so as to be able to recover their cost. The high rate of tax is pushing the cinema houses beyond the reach of common man. What is more disquieting is that practically no part of the tax money collected, is being ploughed back in the industry with the result that this policy of high taxation is driving the industry into the hands of those unscrupulous people from whom it needs to be rescued. The Committee feel that there is need for rationalisation of rate of entertainment tax. The Committee recommend that the matter may be taken up at the highest level and the State Governments be persuaded to adopt a more reasonable approach in the matter.

### **Reply of Government**

The question of rationalisation of rate of entertainment tax had been considered earlier at the Conference of Information Ministers and strongly commended to the State Governments, but with no concrete results. The State Governments had also been requested to divert a portion of the entertainment tax collected for setting up of a Fund from which promotional activities of the film industry could be financed. Some of the State Governments have set up such Funds. The recommendation of the Estimates Committee has again been brought to the notice of the State Governments. This matter is also likely to be discussed at the next meeting of the Information Ministers.

[Ministry of Information and Broadcasting O.M.  
No. H. 11013/23/74-F(A), dated 27-2-1975].

### **Comments of the Committee**

The decision taken in the matter at the next meeting of the Information Minister may be intimated to the Committee in due course.

### **Recommendation (Serial No. 13, Para 2.61)**

The Committee further note that although the State Governments are collecting about Rs. 70 crores every year in the form of entertainment tax, in spite of the recommendation of the Film Enquiry Committee (1951) and the decision taken at the Conference of Information Ministers that 10 per cent of the entertainment tax collections should be spent on the development of film industry, no State Government have generally implemented this decision, barring a few States where Development Funds for the Film Industry have been created. There has been practically no plough back

of the collections of the entertainment tax in the industry. The Committee recommend that the Central Government should persuade the State Governments to take concerted measures for the development of film industry in their States on healthy lines. The Central Government should maintain close co-ordination with the State Governments and impress upon them the desirability of implementing the decisions taken at the Conference of Information Ministers. The Committee further recommend that at least 10 per cent of the entertainment tax collected by the State Governments should be spent on the development of the film industry including research etc.

### Reply of Government

The Ministry of Information and Broadcasting has all alone shared this view. The Recommendation is again being brought to the notice of all State Governments for early action.

[Ministry of Information and Broadcasting O.M. No. H. 11013/23/74-F(A), dated 26-11-1974].

### Further information called for by the Committee

Please intimate the reactions of the State Governments to the recommendation that at least 10 per cent of the entertainment tax collected by the State Government should be spent on the development of film industry including research etc.

[Lok Sabha Sectt. O.M. No. 5|12|1|ECII|74, dated 7-3-1975].

### Further reply of Government

Replies have been received from the State Governments of Andhra Pradesh, Himachal Pradesh, Tamil Nadu and the Union Territories of Goa, Daman and Diu and Delhi. They are as below:—

- Andhra Pradesh* . . . . . The State Government have recently amended the provisions of the Andhra Pradesh Entertainment Tax Act, 1939 enhancing the percentage of proceeds for entertainment tax to be expended for the development of the film industry in the State from 2 per cent to 7 per cent with effect from 1-1-1975.
- Delhi* . . . . . It would not be practicable to set up any portion of the proceeds on entertainment tax unless the provision of Delhi Municipal Act, 1957 is amended. Moreover, there is no film industry in the Union Territory.

- Goa, Daman & Diu* . . . . There is no film industry in the Territory.
- Uttar Pradesh* . . . . There is no film industry in the State.
- Tamil Nadu* . . . . 90 per cent of the proceeds of entertainment tax and the entire surcharges levied under Tamil Nadu Local Authorities Finance Act, 1961 are being assigned to the concerned local bodies. A substantial part of the proceeds is thus assigned to the local bodies while State Government retain 10 per cent of the proceeds from entertainment tax and entire show tax and additional surcharges on entertainment tax and show tax. It will not be possible for the State Government to set apart 10 percentage of the proceed of the entertainment tax for the development of the film industry. The State Government have already set up a Theatre Corporation to develop film industry in the State.
- Maharashtra* . . . . The Maharashtra Government have already introduced a scheme for giving financial assistance to Marathi film producers for production of Marathi films. The funds will be made available from entertainment tax collected on the exhibition of films in the State in year.

2. The matter is being pursued with the remaining State Governments.

[Ministry of Information and Broadcasting O.M.  
No. 11/12/74-FI (Vol. II), dated 20-3-1975].

### Comments of the Committee

Replies of the remaining State Governments may be intimated to the Committee, when received.

### Recommendation (Serial No. 14, Para 2.62)

The Committee further note that this high rate of entertainment tax is impeding the growth of cinema houses particularly in small towns and rural areas as the paying capacity of people in these areas is much lower than the people of metropolitan cities. These people are deprived of this mass medium of entertainment. The Committee suggest that in the interest of opening cinema houses in small towns and semi-urban areas and of providing cheap entertainment to the population of those areas, it would be desirable if the rate of entertainment tax is reduced in the case of small cities and rural areas, particularly for lower class seats and a graded tax structure introduced.

### Reply of Government

The recommendation has been brought to the notice of State Governments for necessary action.

[Ministry of Information and Broadcasting Office Memorandum No. H. 11013|23|74-F(A), dated the 23th October, 1974].

### Further information called for by the Committee

Please intimate the reaction of the State Government to the recommendation that the rate of entertainment tax should be reduced in the case of small cities and rural areas, particularly for lower class seats and a graded tax structure introduced.

[Lok Sabha Sectt. O.M. No. 5|12|1|ECII|74, dated the 7th March, 1975].

### Further reply of Government

The replies received so far from the State Governments have been indicated below:—

- (1) *Orissa* . . . . . There is already a provision for graded structure of entertainment tax in the State and less tax is levied in small cities and rural areas.
- (2) *Himachal Pradesh* . . . . . The suggestion is not feasible. However, the Government is having graded structure of show tax leviable under the provisions of the H. P. Entertainment (Cinemas show tax) in different areas of the State.
- (3) *Ghandigarh* . . . . . The rate of entertainment duty is 50 per cent of the rate of admission and it is quite low as compared to the rates of entertainment tax in the neighbouring State.
- (4) *Karnataka* . . . . . The State Government do not consider it necessary to give any concession by way of reducing the tax, rates, in view of the fact the cinemas in the State are attracting large crowds anywhere in urban as well as rural areas, in spite of marginal rise of entertainment tax rates. As regards show tax, the rates in respect of the theatres in rural areas are already considerably low.
- (5) *Meghalaya* . . . . . The existing rate of entertainment tax as compared to that prevailing in Assam is not high and as such lowering of the rate is not considered necessary. Different rates of tax for cinemas at different places is not considered advisable as it may be challenges as discriminatory apart from other complications.
- (6) *Andhra Pradesh* . . . . . The Government is unable to accept the proposal.
- (7) *Goa, Daman & Diu* . . . . . The average rate of entertainment tax which comes to 26 per cent of the Value of the tickets is considerably lower than the tax prevailing in other States. In view of this position; there is no scope for a further reduction in the rates of entertainment tax.

The replies from the remaining State Governments are awaited.

[Ministry of Information and Broadcasting O.M. No. 11/12/74-  
FI(Vol. II), dated the 20th March, 1975].

### Comments of the Committee

Replies of the remaining State Governments may be intimated to the Committee, when received.

### Recommendation (Serial No. 16, Para 2.76)

The Committee note that while India produces as many as 430 films every year and occupies a premier place in the world in the matter of number of films produced, the total number of cinema houses in the country is less than 8000 and the seating capacity is only 8.4 per 1000 inhabitants. The result is that many films are not able to get exhibition outlets. The Committee feel that this shortage of cinema houses has not only deprived a large number of population, particularly in small towns and villages of this medium of mass entertainment, but is also one of the reasons for most of the Indian films incurring losses. Moreover this shortage of cinema houses has also given rise to a number of other evils in the film industry, e.g., prevalence of black-money and inclusion of cheap ingredients like sex and violence etc., in the film at the behest of exhibitors. The Committee regret to note that in spite of the decision taken at the Conference of Information Ministers, held in 1972, only a few States have so far taken some positive steps for encouraging construction of cinema houses in their respective States. The Committee recommend that a well coordinated and time bound programme should be prepared in consultation with State Governments for encouraging the construction of cinema houses in the country particularly in the small towns and rural areas. As the construction of big theatres involves a large investment, on account of the high cost of land and building materials, more emphasis should be laid on the construction of utilitarian and open air/semi-permanent theatres in these areas. The Committee suggest that Government should intensify research in the matter of construction of cinema houses so as to evolve designs best suited to our conditions and to effect economies in cost. The State Governments may be persuaded to set up Theatre Corporation in their States to grant loans at reasonable terms for the construction of these cinema houses. Further incentives may also be granted to the newly constructed cinema houses in the form of concessions in taxes, entertainment tax etc., so as to accelerate the pace of construction of these cinema houses.

### **Reply of Government**

Information and Broadcasting Ministry has been regularly emphasising the need of establishing more theatres in urban and rural areas. The Estimates Committee's recommendation is being brought to the notice of the State Government for implementation.

[Ministry of Information and Broadcasting Office Memorandum No. H. 11013/23/74-F(A), dated the 28th October, 1974].

### **Further information called for by the Committee**

Please intimate the names of States who have set up Theatres Corporations and the number of cinema houses opened in various States during the last three years.

[Lok Sabha Sectt. O.M. No. 5/12/1/ECII/74, dated the 7th March, 1975]

### **Further Reply of Government**

The following State Governments have set up Corporations in their States for the development of film industry:—

1. Karnataka
2. Tamil Nadu
3. Punjab.

Information in respect of the number of cinema houses opened in various States during the last three years is being obtained from State Governments.

[Ministry of Information & Broadcasting Office Memorandum No. 11/12/74-FI (Vol. II), dated the 20th March, 1975].

### **Comments of the Committee**

Replies of the remaining State Governments may be intimated to the Committee, when received.

### **Recommendation (Serial No. 43, Para 3.40)**

The Committee note that one of the functions of the proposed National Film Corporation will be to arrange the import of films in the country. The Committee recommend that while importing films in the country, Government should ensure that quality films from as many countries as possible, are imported so that our people may get acquainted with the culture and art of those countries. In select-

ing films for import it should also be ensured that the films do not have a deleterious effect on the moral of our youth.

### **Reply of Government**

The Government are fully aware that no foreign films having a deleterious effect on the moral of our youth are allowed to be imported. This was one of the considerations which led to Government's decision of canalisation of import of films through the State Trading Corporation. The National Film Corporation would no doubt take effective action to promote this policy of selective import of film.

[Ministry of Information and Broadcasting Office Memorandum No. H. 11013/23/74-F(A), dated the 28th October, 1974]

### **Recommendation (Serial No. 44, Para 3.48)**

The Committee note that one of the main reasons for deterioration in the quality of Indian films has been the entry of unscrupulous producers in the film industry who have no background or technical knowledge or any consideration for aesthetic and artistic values of the films and whose only consideration is to make quick money. There is a widespread feeling that this mushroom growth of film producers and the unscrupulous entry of persons who are motivated by a sense of adventure and commercial outlook, need to be checked. The worst part of the present situation is that quite a large number of film productions which are started by such producers are never completed with the result that not only there is an unnecessary waste of scarce national resources but valuable foreign exchange spent on the import of raw films is also wasted. Moreover, sometimes, the workers and Junior Artistes in the film industry working with these producers, are also deprived of their wages as these producers after employing them for a few months, disappear from the scene.

### **Reply of Government**

The Government fully shares with the Committee the anxiety that entry of unscrupulous persons as film producers should be curbed. The Committee's observations have been noted.

[Ministry of Information & Broadcasting Office Memorandum No. H. 11013/23/74-F(A), dated the 4th Nov., 1974].-



### **Recommendation (Serial No. 44, Para 3.49)**

The Committee consider that such producers not only bring a bad name to the film industry itself but also debase the artistic value and quality of Indian films. The Committee are fully aware that there are a large number of forward looking and socially responsible producers in the industry who produce nation building, purposeful and aesthetic films which are at the same time entertaining and carry useful message for the masses of the country. As the existence of black sheep among the producers spoils the image of this industry and the good name of producers of purposeful films, the Committee feel that this situation needs to be remedied urgently. They, therefore, recommend that the Government should introduce a system of registration of film producers who want to start production of films. Moreover their financial viability and competence should also be gone into before allowing them raw films to start such production. The Committee hope that with the introduction of the system of registration of producers and checking of their competence and financial viability, the position will considerably improve.

### **Reply of Government**

The recommendations of the Committee for introducing a system of registration of film producers and checking their competence and financial viability have been noted.

[Ministry of Information & Broadcasting Office Memorandum No. H. 11013/23/74-F(A), dated the 4th Nov., 1974].

### **Recommendation (Serial No. 44, Para 3.50)**

The Committee note that the proposed Film Council as part of its regulatory functions may have a system of registration of all business pertaining to the production, distribution and exhibition and import and export of the films in the country. The Committee regret that although the evil effect of the existence of such producers were brought to the notice of the Government both by the Film Enquiry Committee, 1951 and Enquiry Committee on Film Censorship, 1969, Government have waited for all these years to take any concrete steps in this regard. Even now Government propose to take action in the matter only after the setting up of the Film Council. The Committee feel that there is need to take immediate action in this regard. The Committee would however like to emphasise that every encouragement should be given to new talents in the film industry. They would like Government to ensure that the system of registration do not serve as to the entry of new talents.

### **Reply of Government**

The recommendations of the Committee have been noted for appropriate action. As it is, Government do encourage new talents through the Film Finance Corporation and the National Awards Scheme. Suitable provisions will be made in the scheme of Film Council.

[Ministry of Information & Broadcasting Office Memorandum No. H. 11013/23/74-F(A), dated the 4th Nov., 1974].

### **Further information called for by the Committee**

Please intimate the steps taken for introducing a system of registration of producers.

### **Further Reply of Government**

The system of registration of producers is linked with the Film Workers (Regulation of working conditions) Bill. The details of the Bill are being considered in consultation with the Ministry of Law.

### **Comments of the Committee**

Final action taken in the matter may be intimated to the Committee.

### **Recommendation (Serial No. 58, Para 5.12)**

The Committee note that the Film Industry in the country employ about 2 lakh workers in the production, distribution and exhibition sectors and the Reports of the various Committees appointed by the Ministry of Labour as well as by the Governments of Maharashtra and West Bengal have shown that because of the special nature of the work of the film industry the various labour legislations are not adequate to provide protection to the workers in the film industry. The Committee further note that most of the workers do not enjoy any social security benefits like gratuity, provident fund, and old age pension with the result that apart from facing frequent periods of unemployment during their working life, these workers are left without any tangible means to support them in their old age. The condition of the Junior Artistes and the technicians is particularly depressing. The situation is further worsened by the fact that a large number of films started are never completed and many of the workers are denied payment of wages for considerable periods. The Committee feel that there is urgent need for a specific legislation to cover workers in the film industry. Besides, providing for social benefits like gratuity, provident fund, compensation and old age pension, it should have provision for a Bank-guarantee deposit by

the producer to assure timely payment of wages to artistes and workers of the film industry.

### **Reply of Government**

The Government fully shares the anxiety of the Committee that steps should be taken to ameliorate the lot of the film workers. A draft scheme of legislation on the lines recommended by the Committee is under consideration of Government.

[Ministry of Information & Broadcasting Office Memorandum No. H. 11013|23|74-F(A), dated the 4th November, 1974].

### **Recommendation (Serial No. 58, Para 5.13)**

The Committee deplore that although the draft outline of legislation to regulate employment in film industry was prepared by the Government and was placed before the Standing Labour Committee as early as in 1966, and a tripartite Committee submitted their Report on the draft legislation in 1968, the proposed legislation has not yet been enacted. It is thus evident that this important matter has been dealt with in a casual and leisurely manner and has not received the urgent attention of the Government, it deserved. Now that the Government have finally decided to bring forward the proposed legislation, the Committee desire that the matter should receive urgent attention of the authorities so that the Bill is introduced in Parliament without delay.

### **Reply of Government**

The observations of the Committee have been noted.

[Ministry of Information & Broadcasting Office Memorandum No. H. 11013|23|74-F(A), dated the 4th Nov., 1974].

### **Further information called for by the Committee**

Please intimate the present position regarding the introduction of Legislation to regulate employment in the Film Industry.

### **Further Reply of the Government**

The matter was considered at the highest level. It was felt that certain provisions of the Bill would be detrimental to the interests of emerging and talented producers. Accordingly these provisions are being modified in consultation with all concerned in the Government and outside.

**Comments of the Committee**

Final decision taken in the matter may be intimated to the Committee.

**R. K. SINHA,**  
*Chairman,*  
*Estimates Committee.*

**NEW DELHI;**  
*August 19, 1975.*

*Sravana 28, 1897 (Saka).*

## APPENDIX

Analysis of the action taken by Government on the recommendations contained in the 58th Report of the Estimates Committee (Fifth Lok Sabha).

1.	Total Number of recommendations . . . . .	60
2.	Recommendations which have been accepted by Government ( <i>vide</i> Recommendation Nos. 1, 6, 10, 15, 17 to 19, 22 to 24, 26 to 28, 30 to 33, 35, 36, 38, 41, 42, 45 to 50, 52 to 56).	
	Number . . . . .	33
	Percentage to total . . . . .	55
3.	Recommendations which the committee do not desire to pursue in view of the Government's replies ( <i>vide</i> recommendations Nos. 3, 4, 5, 11, 20, 21, 25, 29, 34, 51, 57 and 60).	
	Number . . . . .	12
	Percentage to total . . . . .	20
4.	Recommendations in respect of which replies of Government have not been accepted by the Committee ( <i>vide</i> recommendation Nos. 7, 8, 37, 39, 40 & 59).	
	Number . . . . .	6
	Percentage to total . . . . .	10
5.	Recommendations in respect of which final replies of Government are still awaited ( <i>vide</i> recommendations Nos. 2, 9, 12, 13, 14, 16, 43, 44 & 58).	
	Number . . . . .	9
	Percentage to total . . . . .	15