

EIGHTY-FIRST REPORT

COMMITTEE ON PUBLIC UNDERTAKINGS (1983-84)

(SEVENTH LOK SABHA)

NATIONAL FILM DEVELOPMENT CORPORATION LTD.—
FINANCING OF FILMS AND THEATRES

(MINISTRY OF INFORMATION AND BROADCASTING)

*(Action Taken by Government on the Recommendations
contained in the 75th Report of the Committee on
Public Undertakings (Seventh Lok Sabha)*



Presented to Lok Sabha and Laid in Rajya Sabha

27 MAR

LOK SABHA SECRETARIAT
NEW DELHI

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**COMMITTEE ON PUBLIC UNDERTAKINGS
(1983-84)**

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Shri Madhusudan Vairale

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3. **Shrimati Gurbrinder Kaur Brar**
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3. **Shri G. S. Bhasin—Senior Financial Committee Officer.**

**ACTION TAKEN SUB-COMMITTEE OF THE
COMMITTEE ON PUBLIC UNDERTAKINGS
(1983-84)**

1. **Shri Madhusudan Vairale—Chairman**
2. **Shri Kamaluddin Ahmed—Convener**
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4. **Shri Lakshman Mallick**
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6. **Shri Pratap Bhanu Sharma**
7. **Shri Satyendra Narain Sinha**
8. **Shri Hari Shankar Bhabhra**
9. **Shri Syed Sibtey Razi**

INTRODUCTION

I, the Chairman, Committee on Public Undertakings having been authorised by the Committee to submit the Report on their behalf, present this 81st Report on Action Taken by Government on the recommendations contained in the 75th Report of the Committee on Public Undertakings (Seventh Lok Sabha) on National Film Development Corporation Ltd.—Financing of Films and Theatres.

2. The 75th Report of the Committee on Public Undertakings was presented to Lok Sabha on 29 April, 1983. Replies of Government to all the recommendations contained in the Report were received on 12 January, 1984. The replies of Government were considered by the Action Taken Sub-Committee of the Committee on Public Undertakings on 9 February, 1984. The Committee also considered and adopted this Report at their sitting held on 9 February, 1984.

3. An analysis of the action taken by Government on the recommendations contained in the 75th Report (1982-83) of the Committee is given in Appendix III.

NEW DELHI,
28 February, 1984

9 Phalguna 1905 (Saka)

MADHUSUDAN VAIRALE
Chairman
Committee on Public Undertakings.

CHAPTER I

REPORT

The Report of the Committee deals with the action taken by Government on the recommendations contained in the Seventy-Fifth Report (Seventh Lok Sabha) of the Committee on Public Undertakings on National Films Development Corporation Ltd.—Financing of Films and Theatres which was presented to Lok Sabha on 29 April, 1983.

2. Action Taken notes have been received from Government in respect of all the 14 recommendations contained in the Report. These have been categorised as follows :—

(i) *Recommendations/observations that have been accepted by Government,*

S. Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 12 and 14.

(ii) *Recommendations/Observations which the Committee do not desire to pursue in view of Government's replies.*

S. No. 13.

(iii) *Recommendations/Observations in respect of which final replies of Government are still awaited.*

S. Nos. 10 and 11.

3. The Committee desire that the final replies in respect of recommendations for which only interim replies have been given by Government, should be furnished to the Committee expeditiously.

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

*A. Objectives***(Recommendation No. 1—Paragraph 1.6)**

4. The Committee had been informed that the micro objectives and obligations of NFDC set up in 1980 had not been drawn up and were stated to be under consideration. The Committee had accordingly desired that the statement of objectives and obligations as also the Corporate Plan of NFDC should be finalised early and specifically approved by the Ministry.

5. In their reply, the Government have stated that the NFDC at the management level is examining the preparation of micro-level objectives of the Corporation as well as its Corporate Plan. After this is finalised the matter will be placed before the Board of Directors for approval. The financial objectives of the Corporation would also be included in the micro-level objectives. It has also been stated that after the Board of Directors approves the micro-level objectives, these will be considered by the Ministry, in consultation with Ministry of Finance.

6. The Committee are surprised to know that the micro objectives and the Corporate Plan of the Corporation are being examined at the management level. Even during evidence before the Committee it was stated that the matter was being examined. The Committee fail to understand on what basis the Corporation is functioning and how its performance can be improved without the financial objectives and Corporate Plan. It appears to the Committee that the matter is being handled without any sense of urgency. They desire that the matter be given immediate attention by all concerned and objectives and Corporate Plan finalised with the approval of the Ministry concerned and in consultation with Ministry of Finance without any further delay.

*B. Survey to assess evidence reaction***(Recommendation No. 6—Para 2.43)**

7. The Committee had recommended that the survey reportedly under consideration of the Institute of Mass Communications for assessing the audience reaction to the films produced with the help of NFDC funds might be completed early and its findings analysed to draw lessons for the future.

8. In their reply Government have stated that the Institute of Mass Communication has not conducted any survey so far on the films produced by NFDC and the Ministry are now requesting the Institute to undertake such a survey.

9. The Committee would watch with interest the findings of the survey to be undertaken by the Institute of Mass Communications.

C. Ceiling limits for grant of loans for the theatre construction

(Recommendation No. 10—Para 3.24 and 3.25)

10. The Committee had noted that the overall ceiling limit for cost of construction of theatres as laid down by NFDC was on the low side and recommended that it should be reconsidered in the context of the present day cost of land, construction, furniture and machinery. The Committee further observed :—

“.....It is better to give adequate amounts to smaller number of entrepreneurs to enable them to complete the construction rather than dole out small amounts to a large number of people, who may not be able to take advantage of that amount on account of lack of their own resources. The Committee desire that keeping this aspect in view the Company should review its loan advancing policies.”

11. In their reply, Government have stated that NFDC intends to place before the Board of Directors the question of increasing the ceiling for loans and also the question of generating more funds for this activity for a decision.

12. The Committee feel that the Company should not have taken such a long time to examine the adequacy of the existing loan advancing policy and ceiling limits for loans for construction of theatres. They would urge that the matter may now be examined urgently and decision taken early. The Committee would await the outcome.

CHAPTER II

RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation, Serial No. 1 (Paragraph 1.6)

The National Film Development Corporation Limited was set up in 1980 after amalgamating the Film Finance Corporation and the Indian Motion Pictures Export Corporation. The NFDC has been entrusted with responsibilities of a diverse nature encompassing various facets of the Indian Film Industry. The activities handled by the Corporation range from financing of films and theatres to export, import in distribution of films and canalisation and distribution of raw stock. However, the micro objectives and obligations of the NFDC have not yet been drawn up and were stated to be under consideration. As the Ministry is accountable for the efficient functioning of the Company and a clear definition of the objectives is basic to the evaluation of efficiency, the Committee desire that the statement of objectives and obligations as also the corporate plan of NFDC should be drawn up early and specifically approved by the Ministry. As regards the financial objectives, the Ministry of Finance should also be consulted. The Committee hope that Ministry would take action accordingly.

Reply of the Government

The National Film Development Corporation at the Management level is examining the preparation of micro-level objectives of the corporation as well as its Corporate Plan. After this is finalised the matter will be placed before the Board of Directors for approval. The financial objectives of the Corporation would also be included in the micro-level objectives. After the Board of Directors approves the micro-level objectives, this will be considered by the Ministry, in consultation with the Ministry of Finance.

[Ministry of Information and Broadcasting, O. M. No. 207/6/83-F (PSU)
Dated 12.1.1984]

Comments of the Committee

Please see Para 6 of Chapter I of the Report

Recommendation, Serial No. 2 (Paragraph 2.39)

During the 22 years since the inception of the scheme for financing of films, the NFDC (previously Film Finance Corporation) had financed 107 films, which were in 11 languages. Out of those, 56 films were in Hindi, 15 in Bengali, 13 in Marathi and 6 in Kannada. So far only 2 films in Malayalam and 3 films in Tamil had been financed by NFDC. In the context of a very large number of films being produced and exhibited in the country every year, the Committee wonder what impact the very small number of films financed by NFDC could have made on the cinema goers in general and the film industry in particular. The Committee cannot but agree with the Secretary, I & B that when Government enters some business or industry it should be with a view to make an effective impact and not merely for the sake of simple presence. They accordingly recommend that NFDC should progressively undertake financing of a large number of films which have some social relevance.

Reply of the Government

The Government agrees that the films produced by the NFDC should be effective. This can be achieved not necessarily by producing more films. It is generally agreed that socially relevant quality films financed by the Corporation have given a new direction to cinema, particularly small budget films in terms of quality and not necessarily quantity. It is our view that some film made by NFDC have exerted an influence on films being made outside and have had a multiplier effect. Such films are trend setters in the film industry. NFDC's support has helped to launch a number of new Directors and artists as well as technicians who have found a place in the film industry. However, it is NFDC's endeavour to produce more films which will in turn will depend upon the availability of funds for this activity. At the moment apart from the funds allocated under 'Plan' and loans from other sources such as MPEAA, etc. the Corporation is also expected to generate resources from its revenue earning activities of foreign film distribution, for film financing also.

2. One of the difficulties faced by National Film Development Corporation is that the film financed by the Corporation do not get exhibition outlets and are not generally a commercial success with the result that the loans and interest thereon are not repaid in all cases adversely affecting the capability to finance more films. Efforts are, however, continuing to allocate more funds towards this activity depending upon availability of funds.

[Ministry of Information and Broadcasting, O. M. No. 297/6/83-F (PSU)
Dated 12.1.1984]

{ Recommendation, Serial No. 3 (Paragraph 2.40)

It was argued that the total funds available with the Corporation were very limited. As a result the Corporation was able to help finance a few films and a few theatres. The Committee are of the view that having regard to the role of NFDC in the matter of promoting good cinema, financial constraints should not be allowed to act as a limiting factor in the realisation of its main objectives. The Committee desire that availability of finance for more films and theatres should be appropriately enlarged and the NFDC should function in a manner that on the whole sufficient surpluses are generated to make the Corporation a self-financing venture eventually.

Reply of the Government

Though the finance available for disbursement for production of films and construction for theatres is very limited, the NFDC has progressively allotted more funds to this activity.

For the film financing including 100% production the allotment of funds made by the NFDC during the last 3 years are as follows :

1980-81	Rs. 23.84 lakhs
1981-82	Rs. 55.45 lakhs
1982-83	Rs. 71.05 lakhs

Similarly the funds allotted as loans for construction of theatres has also increased progressively during the last three years. The loans disbursed in 1980-81, 1981-82 and 1982-83 respectively is Rs. 9.9 lakhs, Rs. 50.21 lakhs and Rs. 80.3 lakhs. The loans sanctioned during this same period were 1980-81 Rs. 22.38 lakhs, 1981-82 Rs. 106.31 lakhs and 1982-83 Rs. 206.59 lakhs.

Though it may be difficult for the Corporation to generate sufficient surplus to take care of film financing and Theatre Construction Schemes entirely on its own, in the near future, the Corporation has been asked to make efforts to generate as much revenue as possible by concentrating on the Profit Centres while keeping the Cost Centres under control.

[Ministry of Information and Broadcasting ; O. M. No. 207/6/83-F (PSU)
Dated 12.1.1984]

Recommendation Serial No. 4 (Paragraph 2.41)

The Committee gathered the impression that while selecting films for financing, NFDC mainly relied on the scripts submitted by the interested film makers. It did not generally tell the producers about the specific topics on which the Corporation would like the films to be produced. As a result of this

policy no worthwhile efforts appears to have been made to promote *inter-alia* production of pictures on Indian epics, lives of saints, scientists and greatmen, freedom movement and working of democracy and democratic institutions in the country. The Committee feel that the film producers who have an eye on the box office will not readily venture in any of the above fields and it will ultimately depend on NFDC's initiative to sponsor films on these subjects. With this end in view the Committee desire that suitable subjects and themes may be formed out by the Corporation and in case of inadequate response from the film makers production of films on these subjects may be taken up under the 100% financing scheme of the Corporation.

Reply of the Government

Recently NFDC has produced a film on 'Adi Sankaracharya.' NFDC encourages production of good films by providing financial assistance. NFDC's own productions are on a very limited scale. NFDC is essentially geared to provide financial assistance.

2. It may not always be feasible to dictate either the theme or the treatment of a film or any subject to a good film maker. However, the suggestion of the committee has been noted and will be kept in view while considering new projects.

3. As far as the Ministry of Information and Broadcasting is concerned, documentary films on such themes are being made by the film Division.

[Ministry of Information and Broadcasting, O. M. No. 207/6/83-F (PSU)
Dated 12.1.1984]

Recommendation, Serial No. 5 (Paragraph 2.42)

The Committee wish to express their feelings of happiness at the tremendous success achieved by the film 'Gandhi' which was co-produced by the NFDC. The Committee have been informed that the film 'Gandhi' was doing extremely well and NFDC hoped to get back not only its investment of over Rs. 6 crores but at least an equal amount also by way of profits. The Committee commend financing of such projects, which serve a great national cause. The Committee hope that more of such socially meaningful films will be sponsored and financed by NFDC in future. The Committee also desire that in view of the national importance of the film 'Gandhi' particularly for the younger generation, arrangements may be made to exhibit the film dubbed in regional languages in every part of country so that the largest possible audience gets an opportunity to see and appreciate the film and its theme.

Reply of the Government

The Corporation is making all efforts to see that the film 'Gandhi' reaches as many people as possible in the country. With this end in view, the Corporation has acquired 16 mm rights for the film which would be effective from November 29, 1984. Once these rights are obtained by the Corporation, arrangements would be made with the Field Publicity Units at the Centre and in the States to take the film to the rural areas and also to areas where the film may not have reached through the normal theatrical circuit. The film has already been dubbed in Hindi. The possibility of dubbing or sub-titling the film in other regional languages would also be examined at the appropriate time.

[Ministry of Information and Broadcasting ; O. M. No. 207/6/83-F (PSU)
Dated 12.1.1984]

(Recommendation, Serial No. 6 (Paragraph 2.43))

Out of 107 films completed with the help of NFDC 97 films had been released for public exhibition. The Managing Director, N. F. D. C. has claimed that audience reaction ranged from excellent to average depending upon the quality of each film. It has also been claimed the films produced by NFDC have succeeded in having a definite impact. In the absence of any scientific survey having been made about the audience reaction it is difficult to make any worthwhile assessment of the impact of these films. The Committee would like that a survey now reportedly being conducted by the Indian Institute of Mass Communication may be completed early and its findings analysed to draw lessons for the future.

Reply of the Government

The Indian Institute of Mass Communication has not conducted any survey so far on the films produced by NFDC. The Ministry of Information and Broadcasting are requesting the Indian Institute of Mass Communications to undertake such a survey so that findings could be utilised by NFDC in guiding future decisions regarding film productions as suggested by the Committee.

Ministry of Information and Broadcasting, O. M. No. 207/6/83-F (PSU)
Dated. 12.1.1984]

Comments of the Committee

(Please see Para 9 of Chapter I of the Report)

Recommendation, Serial No. 7 (Paragraph 2.44)

Incidentally the Committee would like to point out that since film awards are given by professional bodies of experts, the winning of such awards by a

large number of NFDC financed pictures should not create a sense of complacency. Ultimately the impact these films make on the common cinema goers and the catalytic effect they produce on the promotion of good cinema will have to be the measure of their success.

Reply of the Government

The objective of NFDC is to produce quality films and to improve the cinema as a whole. However, the winning of awards is not an objective in itself. The Corporation and the Ministry accepts the view that the measure of the success of NFDC financed films is ultimately to be judged by its impact on changing audience tastes for better cinema.

[Ministry of Information and Broadcasting, O. M. No. 207/6/83-F (PSU)
Dated 12.1.1984]

Recommendation, Serial No. 8 (Paragraph 2.4)

2.45

NFDC has since inception sanctioned loans amounting to Rs. 446.13 lakhs out of which Rs. 391.60 lakhs had actually been disbursed to producers as on 31st January, 1983. The loan amount outstanding was Rs. 115.69 lakhs while the amount written off as bad debts was as high as Rs. 125.37 lakhs. Of the outstanding loans Rs. 80.06 lakhs were stated to be in arrears. Thus out of the total amount of Rs. 391.60 lakhs disbursed as loans the Company has so far recovered only a sum of Rs. 150.54 lakhs, which represents 38 per cent of the total. The Committee feel concerned about it. The Committee have been informed that at the instance of the Ministry, NFDC had recently reviewed its film financing activity. As a result of this review fresh guidelines have been laid down. These *inter-alia* provide that in future every project should be accompanied by a marketing and income profile and in case a project which otherwise was of outstanding quality was estimated to make a loss, a conscious decision to take up such a project will have to be taken. The Committee can only emphasize that with the limited resources available for its multifarious activities the Corporation should manage its affairs in a business like manner. Due care should be taken to ensure that huge amounts are not locked up in arrears, which eventually may have to be written off as bad debts.

Reply of the Government

Ministry has impressed on NFDC to make special efforts to recover outstanding loans and interest etc.

[Ministry of Information and Broadcasting ; O.M. No. 207/6/ 83-F (PSU)
Dated 12.1.1984]

Recommendation, Serial No. 9 (Paragraph 2.46)

The Committee, however, feel that the ceiling limits for grant of loans under various categories of films need to be reviewed on a continuing basis keeping in view the ever rising cost of production.

Reply of the Government

At present, film loans are being given on 25% margin only. This means that the Producer is expected to bring only 25% of the total production cost on his own, which he normally does by way of credit facilities and the Corporation gives 75% of the cost as loan. This is a concession, as normally Financial Institutions insist on 50% margin, which is the margin NFDC accepts for theatre loans. Hence, NFDC's ceiling on loans has to be seen alongwith other facilities given by them by way of reduced margin. Another point to be kept in mind in connection with increasing the ceiling limits is that NFDC basically tries to promote low budget films. Weightage also needs to be given to the fact that the film costs are elastic and there is considerable scope for economy depending on treatment and theme and it is quite possible for good films with social relevance to be made within the existing limits even though film producers may always want bigger budgets.

The Corporation will, however, continue to review its policy on a continuing basis keeping in view the ever rising cost of production.

[Ministry of Information and Broadcasting ; O.M. No. 207/6/ 83-F (PSU)
Dated. 12.1.1984]

Recommendation, Serial No. 12 (Paragraph 3.27)

The Working Group on National Film policy, which made a broad study to assess the requirements of theatre capacity in the country had urged Government to attain a target of providing 10 seats per 1000 of the population to be achieved within a period of 5 years. They wanted an addition of about 1350 theatres every year. The Committee were informed that in the last meeting of the State Ministers of Information it had been agreed that construction of 5,000 cinema houses over a period of five years should be aimed at. Even this would appear to be too ambitious a target. More realistic targets may be laid down and sincere efforts be made to reach the target by involving State Governments, State Film Development Corporations and the Nationalised Banks. NFDC may be brought in as a coordinating body.

Reply of the Government

The question of laying down a realistic target for theatre construction has been discussed at the conferences of State Ministers for Information concerned

by the Ministry of I & B. Recently on receipt of this recommendation, a letter has been addressed to the State Governments to work out a possible target for their States. It may be mentioned here that construction of cinema theatres should primarily be the responsibility of the State Governments. NFDC participates in joint ventures with the State Film Financing Corporations and Commercial Banks in its efforts to achieve the targets. The nationalised banks are to be encouraged to give loans by declaring theatre construction activity as an industry. The Ministry of Finance had earlier not accepted the Ministry's proposal for declaring film as an industry for purposes of making it easier to obtain institutional finance. The Ministry of I & B intends taking up this matter once again with the Ministry of Finance.

[Ministry of Information and Broadcasting ; O.M. No. 207/6/83-F (PSU)
Dated 12.1.1984].

Recommendation, Serial No. 14 (Paragraph 3.29)

Apart from the shortage of funds which has reportedly hindered the growth of cinema theatres, the Cinematograph Rules of State Governments, which govern the construction of cinema houses are stated to be cumbersome and restrict and make cinema construction extremely difficult. In order to overcome the problem, the Ministry of Information and Broadcasting should attempt formulation of a model law Rules and the State Government may be persuaded to adopt them. The Committee would await the action taken in this direction.

Reply of the Government

This is a subject which primarily concerns the State Government. On the basis of a report of the Working Group on National Film Policy the State Governments have been requested to modify the theatre construction and licensing rules. A copy of latter addressed by Ministry of I & B to State Government is enclosed Appendix II. We have already circulated suggestions for modifying the rules in order to encourage construction of low cost theatres.

[Ministry of Information and Broadcasting, O. M. No. 207/6/83-F (PSU)
Dated 12.1.1984]

CHAPTER III

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

Recommendation (Serial No. 13) (Paragraph 3.28)

For overcoming the shortage of cinema theatres in the country. NFDC is reported to have approved a low cost theatre design, which can be utilised by the prospective entrepreneurs. With the growing use of video television there has been a revolution in the matter of designing cinema houses in the West. The Committee feel that NFDC should make an in-depth study of the changes taking place in the Western countries in the respect with a view to modify their plans for the development of cinema houses. The Committee envisage that small hall with a seating capacity of 200-300 persons and fitted with a video recorder could be a viable alternative for a full fledged cinema theatre at least in rural and semi-urban areas. The Committee would like this to be examined.

Reply of the Government

Though the Video Technology and the resultant Video Piracy have affected theatrical exploitation of films at present, it is felt that this will be passing phase. Exploitation of a film on Video/Cassette/Disc. etc. is an additional source of income for the producer and things will settle down once the Copyright Act and other legal measures to combat Video Piracy are brought into effect. The Producer will then get his legal dues for his product and allow Video exploitation after a certain hold-back period.

Though Video Technology has developed, the concept of Video theatres has not taken root anywhere in the world so far. Normally, the utilisation of the VCR with a Wide Screen Projector is confined to the Motels, some Public Places and Restaurants which have now started Video Bars. Here the Video show is part of the entire package offered by the Proprietor and no special entrance ticket is charged for the screening of the films as such.

In India, it is difficult to conclude immediately that the Scheme of Video Theatres can be easily implemented in the rural and semi-urban areas of our country. Production and availability of necessary equipments and logistics may produce insurmountable problems. Humidity and dust are other factors which will pose serious problem for proper up-keep and maintenance of the VCRs, which are delicate and sensitive. Unless we think of drastic change in the structure and design of the enclosure where the screenings will be arranged, the only comparable factors for possible economy will be the Machinery and Screen to be utilised for projection. The resultant economy may not be worthwhile after taking into account the various other difficulties enumerated above. The Ministry of I & B are however, providing encouragement to private entrepreneur who wish to set up Video Theatres.

[Ministry of Information and Broadcasting; O. M. No. 207/6/83-F (PSU)
Dated 12. 1. 1984]

CHAPTER IV

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

NIL

CHAPTER V

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

Recommendation Serial No. 10 (Paragraphs 3.24 & 3.25)

Considering the extreme shortage of cinema theatres and the need for more exhibition outlets NFDC started a scheme for financing theatre construction by giving loans. Under the scheme NFDC advances low interest loans to entrepreneur for construction of theatres in rural, semi-urban and Urban areas subject to an overall ceiling on the cost of construction. Loans are limited to Rs. 1 lakh for a theatre in rural areas, Rs. 3 lakhs for semi-urban areas and Rs. 7.50 lakhs for urban areas. Even though the loans advanced by NFDC represent only 50% of the total cost of construction, the rest of which has to be provided for by the entrepreneur himself, the overall ceiling limits laid down are admittedly on the low side and need to be reconsidered in the context of the present cost of land, construction, furniture and machinery.

The plea put forward for keeping the ceiling limits at low level was that the company was required to manage with the available resources and was trying to distribute loans within the ceiling limits to as many people as possible. This does not appear to be logical because such half hearted efforts lead nowhere. It is better to give adequate amounts to a smaller number of entrepreneurs to enable them to complete the construction rather than dole out small amounts to a large number of people, who may not be able to take advantage of that amount on account of lack of their own resources. The Committee desire that keeping this aspect in view, the Company should review its loan advancing policy.

Reply of the Government

Cinema exhibition is a subject within the jurisdiction of State Government. The question of constructing more theatres in the country is required to be tackled by the Government of India and by the State Governments. The NFDC

has financed theatre construction out of a loan of Rs. 3 crores obtained from the MPEAA's blocked funds. The question of raising the ceiling limit of the loans and also increasing the number of loans will largely depend on the funds which can be made available to this activity. NFDC intends to place before the Board of Directors the question of increasing the ceiling for loans and also the question of generating more funds for this activity for a decision.

[Ministry of Information and Broadcasting ; O.M.No. 9. 207/6/83-F (PSU)
Dated 12.1.1984]

Comments of the Committee

Please see Para 12 of Chapter I of the Report.

Recommendation Serial No. 11 (Paragraph 3.26)

The Committee were informed that NFDC had sanctioned only 58 applications for theatre construction and only 13 theatres had been completed so far. Considering the extreme shortage of theatres, Government should set a target for the NFDC and make available necessary finance to enable it to reach the target in a phased manner. If a dent has to be made in the problem of shortage of theatres, the NFDC will have to be encouraged to meet the challenge in a pragmatic manner.

Reply of the Government

Since Cinema is a subject within the jurisdiction of State Government, the question of constructing more theatres in the country is required to be tackled jointly with the State Governments. NFDC has financed theatre construction out of a loan of Rs. 3 crores obtained from the MPEAA blocked funds. The question of raising the number of loans sanctioned will now largely depend upon the availability of funds. Taking into account competing demands the NFDC will place this issue before Board of Directors for considering the increase of loan limits and funds available for this activity. The Corporation is willing to accept the role of a co-ordinator to achieve maximum results. It can act as a resource pool for producing model low cost-theatre designs, mini-theatres and outdoor theatres. It is hoped that State Governments would utilise this facility.

[Ministry of Information and Broadcasting ; O.M. No. 207/6/83-F (PSU)
Dated. 12.1.1984.]

NEW DELHI ;
28 February, 1984
9 Phalguna, 1905 (Saka)

MADHUSUDAN VAIRALE,
Chairman,
Committee on Public Undertakings.

APPENDIX I

MINUTES OF THE 46TH SITTING OF COMMITTEE ON PUBLIC UNDERTAKINGS (1983-84) HELD ON 9 FEBRUARY, 1984

The Committee sat from 15.00 to 15.30 hrs.

PRESENT

1. Shri Madhusudan Vairale—Chairman

MEMBERS

2. Shri Harish Kumar Gangwar
3. Shri Krishna Chandra Halder
4. Shri Nihal Singh Jain
5. Shri Lakshman Mallick
6. Shri N. Kudauthai Ramalingam
7. Shri B. D. Singh
8. Shri Hari Shankar Bhabhra
9. Shri Mahendra Mohan Mishra
10. Shri Narendra Singh
11. Shri Manubhai Patel
12. Shri M. S. Ramachandran
13. Shri Syed Sibtey Razi

SECRETARIAT

1. Shri M. K. Mathur—*Chief Financial Committee Officer*
2. Shri S. C. Gupta—*Senior Financial Committee Officer*
3. Shri G. S. Bhasin—*Senior Financial Committee Officer*

The Committee considered the following Action Taken Reports, as approved by the Action Taken Sub-Committee and adopted the same :

* * * * *

(iii) Action Taken Report on 75th Report of CPU (1982-83) on National Film Development Corporation—Financing of Films and Theatres.

* * * * *

The Committee authorised the Chairman to finalise the Reports on the basis of factual verification by the Ministries/Undertakings concerned and present the same to Parliament.

The Committee then adjourned.

APPENDIX II

(Vide Reply to recommendation at S.No. 14)

*Copy of Ministry of I & B's Letter No. 207/6/83-F (PSU) Dated 12.9.83
Addressed to all State Governments/Union Territories*

You are aware that number of theatres temporary as well as permanent in India at present is very low. According to the UNESCO norms, India needs 30,000 more cinema theatres. The working group on National Film Policy which submitted its report in May, 1980 recommended an addition of 1,350 theatres every year. The conference of State Ministers of Information held in July 1983 at New Delhi also discussed the need to have more theatres in the country. This conference recommended construction of 5,000 cinema houses over a period of five years.

Theatre construction etc. is a subject assigned to the State Governments. The National Film Development Corporation which has been set up by the Central Government for encouraging quality cinema has a scheme for grant of loans for theatre construction. However, it can only function as a catalyst in increasing the promotion of theatre construction activity in the country. To date the National Film Development Corporation has advanced more than Rs. 3 crores as loans to private entrepreneurs for construction of theatres (upto Jan '83). The Corporation has also expressed willingness to enter into joint ventures with State Governments and State Film Development Corporation on a 50:50 basis, the upper limit of loan being Rs. 7.5 lakhs for Urban areas, Rs. 3 lakhs for Semi-urban areas and Rs. 1 lakh for Rural areas.

The Committee on Public Undertaking which had recently gone into the question of financing the construction of theatres in its 75th Report has recommended that more realistic target regarding the theatres to be constructed per annum should be laid down. The Committee has recommended concerted efforts on the part of the State Governments, State Film Development Corporations, the Nationalised banks and NFDC to achieve the realistic target so laid down.

Since the resources available with NFDC are very limited, we can hope to make progress only if the State Governments and the State Film Development Corporations extend all out support to the private entrepreneurs. It is, therefore, requested that you may kindly suggest a feasible target you may like to prescribe in respect of your state and suggest means by which this target could be achieved. Efforts may be made to construct theatres particularly in rural/backward areas and semi-urban areas. To reduce costs, mini-theatres, open air theatres, video projection theatres etc. may be considered.

It is requested that your views may be communicated to the undersigned not later than 5th October, 1983.

Sd/-

(Urmila Gupta)

Deputy Secretary to the Govt. of India

APPENDIX-III

(Vide Para 3 of the Introduction)

*Analysis of the action taken by Government on Recommendations Contained in the 75th Report of the Committee on Public Undertakings (Seventh Lok Sabha) on National Film Development Corporation Ltd.—
Financing of Films and Theatres*

I	Total number of recommendations	14
II	Recommendations that have been accepted by the Government (<i>Vide</i> recommendations at S. Nos. 1, 2, 3, 4, 5, 7, 8, 9, 12 and 14)	11
	Percentage to total	78. 57
III	Recommendations which the Committee do not desire to pursue in view of Government's reply (<i>Vide</i> recommendation at S. No. 13)	1
	Percentage to total	7. 14
IV	Recommendations in respect of which replies of Government have not been accepted by the Committee.	Nil
	Percentage to total	Nil
V	Recommendation in respect of which final replies of Government are still awaited. (<i>Vide</i> recommendations at S. Nos. 10 and 11)	2
	Percentage to total	14. 29

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