

42

**MINISTRY OF INFORMATION  
AND BROADCASTING—  
NEWSPRINT POLICY**

**ESTIMATES COMMITTEE**

**1993-94**

**TENTH LOK SABHA**



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**LOK SABHA SECRETARIAT  
NEW DELHI**

# FORTY-SECOND REPORT ESTIMATES COMMITTEE (1993-94)

(TENTH LOK SABHA)

MINISTRY OF INFORMATION AND BROADCASTING—  
NEWSPRINT POLICY

[Action taken by Government on the recommendations contained in  
Eighteenth Report of Estimates Committee]



*Presented to Lok Sabha on 25.4.1994.*

LOK SABHA SECRETARIAT  
NEW DELHI

*April, 1994/Chaitra, 1916 (Saka)*

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# COMPOSITION OF THE ESTIMATES COMMITTEE

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## INTRODUCTION

1. The Chairman of Estimates Committee, having been authorised by the Committee to submit the Report on their behalf, present this 42nd Report on action taken by Government on the recommendations contained in the 18th Report of the Estimates Committee (10th Lok Sabha) on the Ministry of Information & Broadcasting—Newsprint Policy.

2. The 18th Report was presented to Lok Sabha on 12th August, 1992. The Government furnished all the replies indicating action taken on the recommendations contained in that Report by 7.10.1993. The Draft Report was considered and adopted by the Estimates Committee (1993-94) at their sitting held on 8th April, 1994.

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

- (i) Report;
- (ii) Recommendations/Observations which have been accepted by Government;
- (iii) Recommendations/Observations which the Committee do not desire to pursue in view of Government's replies;
- (iv) Recommendations/Observations in respect of which replies of Government have not been accepted by the Committee and which require reiteration; and
- (v) Recommendations/Observations in respect of which final replies of Government are awaited.

4. An analysis of action taken by Government on the recommendations contained in the 18th Report of the Estimates Committee (10th Lok Sabha) is given in Appendix-I. It would be observed therefrom that out of 34 recommendations made in the Report, 9 recommendations *i.e.* 26.5% have been accepted by the Government and the Committee do not desire to pursue 12 recommendations *i.e.* 35.3% in view of Government's replies. Replies have not been accepted in respect of 10 recommendations *i.e.*, 29.4% and in respect of the remaining 3 recommendations *i.e.* 8.8% final replies are still awaited.

NEW DELHI;  
*April 11, 1994*

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*Chaitra 21, 1916 (S)*

**DR. KRUPASINDHU BHOI**  
*Chairman,*  
*Estimates Committee.*

## CHAPTER I

### REPORT

This Report of the Committee deals with the action taken by Government on the recommendations contained in their Eighteenth Report (Tenth Lok Sabha) on the Ministry of Information & Broadcasting—Newsprint Policy.

2. The Committee's Eighteenth Report (Tenth Lok Sabha) was presented to Lok Sabha on 12th August, 1992. It contained 34 observations/recommendations. Action Taken Notes on all these observations/recommendations have been received from the Ministry of Information and Broadcasting.

3. Replies to the observations and recommendations contained in the Report have broadly been categorised as under:—

- (i) Recommendations which have been accepted by the Government:  
Sl. Nos. 7, 11, 13, 14, 15, 16, 20, 22, and 28.  
(Total 9, Chapter II)
- (ii) Recommendations which the Committee do not desire to pursue in view of Government's replies:  
Sl. Nos. 1, 2, 3, 4, 6, 8, 12, 21, 25, 26, 32 and 33.  
(Total 12, Chapter III)
- (iii) Recommendations in respect of which Government's replies have not been accepted by the Committee and which required reiteration:  
Sl. Nos. 5, 9, 10, 17, 18, 19, 27, 30, 31, and 34.  
(Total 10, Chapter IV)
- (iv) Recommendations in respect of which final replies of Government are still awaited:  
Sl. Nos. 23, 24 and 29  
(Total 3, Chapter V)

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

#### *Newsprint Import Policy*

*(Serial No 5, 9, 17, Para Nos. 1.90, 1.94 & 1.96.7)*

1.1 Referring to the recommendations made by the Kelkar Committee, the Estimates Committee had observed as under:—

“The Newspapers were entitled to imported and indigenous newsprint in the ratio 35: 65 except where a newspaper required less than 200 MTs in a year in which case the entire requirement was allowed to be met from the imported stock.

Although import of newsprint has been de-canalised *w.e.f.* 1st April, 1992, the formula for allowing import of newsprint remains virtually unchanged. The Committee find that this formula is contrary to the recommendations of the Kelkar Committee which had recommended a cut off limit of 50 MTs for the purpose of 100% import of required newsprint. Keeping in view the criteria for treating a newspapers as small, the Committee reject the contention of the Ministry that by accepting this recommendation the interest of the small newspapers would suffer because 50 MTs is more or less sufficient to sustain a newspaper of this size. The Committee, therefore, feel that in respect of newspapers consuming more than 50 MTs there is no justification of allowing entire newsprint to be imported. On the contrary it merely perpetuates the vested interest of newspapers in showing their consumption below 200 MTs mark."

1.2 The Committee also observed that:—

"Large newspapers with multiple editions have been critical of the provision in the Newsprint Allocation Policy for clubbing the circulation figures of all such editions for the purpose of determining the quantum of imported newsprint such newspapers are entitled to. The Indian Newspapers Society (INS) have termed this as unfair on various counts. The Committee, are not inclined to agree with the view point expressed by INS even though it can be conceded that by having many smaller establishments for different individual editions, the newspapers do have to bear greater costs to some extent. The Committee have a sneaking doubt that the liberal cut-off mark of 200 MTs adopted by the Government for the purpose of allowing import of the entire requirement of a newspapers has created a vested interest among newspapers to remain small so as to avail of cost advantage it ensures under the present dispensation. They are, therefore, of the view that if the cut-off limit is reduced, a large many problems on this account would disappear and the practice of having multiple editions and the proliferation of titles under the banner of single newspaper group would also become irrelevant. Thus, while the Committee are inclined to accept that clubbing of newspapers is a necessity, they simultaneously urge the Government to give serious consideration to their recommendation for scaling down the cut-off limit for meeting the entire newsprint requirement from imported stocks."

1.3 The Committee had, therefore, recommended that "the cut off mark for importing full requirement of newsprint may be brought down to 50 MT as recommended by the Kelkar Committee."

1.4 In their action taken reply, the Government have stated as under:—

"The recommendation of the Kelkar Committee referred to in this para was previously examined by the Government and the limit was scaled down from 300 metric tonnes to 200 metric tonnes since 1989-90 considering the economy of the small and medium



newspapers. If the limit of 200 MTs is further scaled down, it will no doubt affect adversely the economy of the small and medium newspapers as they are at present not getting any concession except the facility of 100% import of standard newsprint. Therefore, these categories of newspapers would resent any move to further scale down the limit."

1.5 Accepting the above recommendation of the Committee as a part of long term newsprint allocation policy, the Government have, however, stated that "bringing down the cut off mark to 50 MTs at one time is not advisable owing to the big gap between the demand for newsprint and its indigenous availability, which cannot be bridged without resorting to import, as there are very few newspapers whose annual requirement of newsprint is below 50 MTs."

1.6 As per the present policy, the newspapers are entitled to the imported and indigenous newsprint in the ratio 35:65 except where a newspaper requires less than 200 MTs in a year, the entire requirement is allowed to be made from the imported stock. The Kelkar Committee and this Committee had recommended that the cut off limit for 100% import of standard newsprint by small and medium newspapers be reduced to 50 MTs from the present level of 200 MTs. The Committee do not agree with the justification given by the Ministry of Information & Broadcasting that "if the limit of 200 MTs is further scaled down, it will no doubt affect adversely the economy of the small and medium newspapers as they are at present not getting any concession except the facility of 100% import of standard newsprint" and that "these categories of newspapers would resent any move to further scale down the present limit." The Committee, on the contrary, feel that the present limit merely perpetuates the vested interests of most of the newspapers in showing their consumption below 200 MTs. mark. They, therefore, reiterate their earlier recommendation that the present limit of 200 MTs be scaled down to 50 MTs for treating the newspaper as small and medium so far as 100% import of standard newsprint is concerned. They are of the view that such a step apart from saving the foreign exchange will also protect the interests of indigenous newsprint industry.

### CUSTOMS DUTY

(Sl. Nos. 10 & 19, Para Nos. 1.95 & 1.96.9)

1.7 As regards Excise and Customs Duty on Newsprint, the Committee had observed as under:

"The Committee find that even though the present tax laws do not protect domestic newsprint industry, certain incentives like exemption from Central Excise Duty and facility of importing raw materials are nevertheless available to it. The Committee are persuaded to accept the view that even though most foreign countries have not levied customs duty on import of newsprint it is necessary to do so in India, in order to regulate the consumption pattern. They are also aware

that for medium and small newspapers partial and full exemption from Customs Duty is available.

Glazed newsprint is entirely imported partly because it invites no import duty and partly because there has been no attempt at import substitution on glazed newsprint. The Committee are dismayed that though Kelkar Committee had recommended a tariff level of 55% Government after unsuccessfully attempting to impose a 30% *ad velorum* duty and then reverting to the old duty of Rs. 550 metric tonnes, has removed custom duty altogether in the Budget for the year 1992-93."

1.8 To make the indigenous production of newsprint compatible with the imported newsprint, the Committee had recommended that Customs Duty on glazed newsprint should be enhanced to a level which was compatible with the objectives of long term newsprint allocation policy.

1.9 In their Action Taken reply, the Government have stated that "the import of both standard and glazed newsprint is fully exempted from payment of customs duty with effect from 1.4.92 irrespective of whether it is imported by big, medium or small newspapers." The Government have, therefore, felt that it was not advisable to reverse this policy without giving it a fair trial.

1.10 While recommending the enhancement of customs duty on glazed newsprint, the Committee had desired to protect the interest of domestic newsprint industry as also to make it more compatible. They are, however, dismayed to find that instead of levying the customs duty on glazed newsprint the Government have abolished it completely on both glazed and standard newsprint thereby encouraging the import of both these types of newsprint. In the circumstances, the Committee cannot but express their unhappiness over this situation and urge the Government to reconsider their decision in the larger interest of the country in general and the indigenous newsprint industry in particular.

#### *Circulation Figures of Newspapers*

(Sl. Nos. 27 & 31, Para Nos. 2.41 & 2.42.4)

1.11 As regards circulation figures of newspapers, the Committee had observed as follows:—

"The Committee are disappointed to find that even though over 27,000 newspapers have been registered with the RNI, circulation figures are apparently known in respect of 6858 newspapers only. The Kelkar Committee has pointed out that only about 10% of the newspapers in the country approach RNI for allocation of newsprint. The Committee are of the considered view that this situation cannot but pose serious difficulty in projecting the demand for newsprint on a realistic basis. Besides it also indicates the existence of a market outside the newsprint allocatory regime.

The Committee also note that owing to staff limitations RNI is not in a position to verify the circulation figures of more than 600 to 800 newspapers in a year. The Committee cannot but express their deep concern at lackadaisical approach of the Government towards the problem despite the Government being aware of this distortion in the allocatory regime. Nobody seems to have been penalised so far for not furnishing or furnishing incorrect circulation figures to RNI. The Secretary, Information and Broadcasting attributed this to the inability of RNI to implement the law as, according to him, it was not possible to do the policing envisaged in the law. The Committee are deeply perturbed over the above state of affairs and are amazed at the complacency shown by the Government in this regard. However, they hope necessary legal and administrative measures will be adopted to overcome this unedifying situation."

1.12 In this connection, the Committee had, at para 2.42.4 also recommended as under:—

"Immediate steps, legal as well as administrative, should be taken to make the verification of circulation figures regular, effective and commensurate with the overall magnitude of newspaper industry so as to make estimation of newsprint requirement in the country realistic and to discourage the sale and purchase of newsprint outside the allocatory regime so long as newsprint Control Order remains in force."

1.13 The Government have furnished the following information as Action Taken Reply to the above recommendation of the Committee:—

"Besides the Circulation Cell in the Headquarters of RNI, three regional offices at Calcutta, Bombay and Madras have started functioning which have strengthened the Administrative set up. Besides, the computerisation system at the headquarters is being strengthened by linking it with the computer systems in the regional offices at Bombay, Calcutta and Madras. Adequate resources, both manpower and material is being provided to RNI to discharge his important functions effectively."

1.14 The Government have also apprised the Committee that the Special Group set up in August, 1993 would *inter alia* study and examine the problem of circulation figures of newspapers and make suitable recommendations in deference to the observations made by the Committee.

1.15 The Committee consider the three regional offices at Calcutta, Bombay and Madras inadequate keeping in view the magnitude of work involved in the verification of circulation figures. They, therefore, desire that some more regional/divisional offices at other big cities located at different regions, may be opened in order to make the verification of circulation figures comprehensive, regular and realistic leaving little scope

for distortion. The Committee, however, feel that the strengthening of computer system is a step in right direction. They hope that the use of computer will be stepped up in a phased manner.

1.16 Though the Committee welcome the formation of the Special Group in deference to the observation made by them, they do not appreciate the undue delay in setting up the same. The Committee, however, hope that all out efforts would be made by RNI so as to know the circulation figures of each and every newspaper at the earliest so that the realistic demand for newsprint could be assessed. They also hope that the newspaper which declines to furnish or delays in submitting the circulation figures, would be penalised suitably. The Special Group may consider incorporating such a clause while formulating/suggesting amendments to PRB Act.

*Amendment to PRB Act, 1867*

(Sl. No. 30, Para No. 2.42.3)

1.17 Keeping in view the complex procedure for registration of newspapers and vexatious process for blocking of titles, the Committee recommended that PRB Act may be amended with a sense of urgency in order to simplify the procedure for registration of newspapers. Simultaneously the registration work may also be decentralised to make it an easy exercise for newspapers spread in the length and breadth of the country. The PRB Act may also be amended so as to obviate the blocking of titles.

1.18 In their Action Taken Reply, the Ministry of Information and Broadcasting have *vide* their O.M. dated 14.01.1993 stated as under:—

“A Bill to amend the PRB Act was introduced in the Rajya Sabha in 1988, but the Bill was withdrawn in view of the adverse criticism by the Press on some of the proposals found irritant by the newspapers. The entire amendment proposal will be reviewed and a fresh Amendment Bill taking into account the various aspects of simplifying registration procedures will be prepared and introduced for consideration by the Parliament as early as possible.

With a view to decentralising some of the work of RNI, including registration of newspapers, three regional offices have been set up at Calcutta, Bombay and Madras during the Seventh Plan. These offices have already started functioning. With the same end in view, the existing computer system is being upgraded and linked up with the regional offices as a plan scheme under the Eighth Plan programme. The newspapers thus could be served better by RNI after implementation of the Eighth Plan Scheme.”

1.19 In their subsequent reply dated 07.10.1993, the Ministry have furnished the following information:—

“A special group to review the PRB Act has already been constituted on 12.08.1993 under the Chairmanship of the Principal Information

Officer. The group is expected to identify/recommend changes in the said Act/or the rules and orders issued thereunder and submit the report within six months. The observations of the Committee will be sent to the Principal Information Officer for further action; once the group's report is received and acted on, the Committee will be furnished a report."

1.20 From the reply furnished, the Committee are of the view that the Government are not serious about amending the PRB Act, 1867 as is evident from the fact that although the Bill which was introduced as far back as in 1988 in Parliament and was subsequently withdrawn due to criticism from the Press, has not so far been revised and introduced afresh for the reasons best known to the Government.

1.21 What is more intriguing is that it was only in August, 1993 i.e. one year after the presentation of the Estimates Committee Report in August, 1992, that the Government constituted a Special Group to review the PRB Act and to identify/recommend changes in the Act. The Committee disapprove this complacency on the part of the Government.

1.22 The Committee hope that the Government would expedite the work relating to the identification of changes considered necessary in the Act/Rules/Orders covering inter-alia the procedure for simplification of registration of newspapers and also to obviate the blocking of titles. They also hope that a fresh proposal in the form of an Amendment Bill to PRB Act, 1867 would be introduced in Parliament at an early date.

*Impact of Policy Changes*

[Sl. No. 34, Para No. 2.42.6(b)]

1.23 The Committee had in their Report recommended that the impact of the policy changes introduced during 1991-92 and in the beginning of 1992-93 may be studied particularly in regard to elimination of various malpractices like bogus consumption and alleged sale and purchase of newsprint outside the allocatory regime. The results of the study may be intimated to the Committee within a period of six months.

1.24 The reply of the Government to the above recommendation of the Committee is as under:—

"The import of newsprint has been decanalised with effect from 1.4.92 as per the Import-Export Policy for the period 1992-97 announced by the Government on 31.3.92. Therefore, a fundamentally different policy for allocation of newsprint has been formed for the year 1992-93. Under the new policy, newspapers are free to import their entitled quantity of newsprint directly or through any channelising agency. It is too early to assess the impact of the current policy. However, RNI will be asked to conduct such a study in due course."

1.25 From the reply it seems that the Government have not appreciated the concern expressed by the Committee with regard to elimination of malpractices like bogus consumption and alleged sale/purchase of newsprint. Instead, the Ministry have tried to justify their action by stating that the import of newsprint has been decanalised w.e.f. 1.4.92. In the opinion of the Committee decanalisation is not a panacea for all kinds of malpractices. The Committee, therefore, reiterate that the Ministry of Information and Broadcasting may make realistic study in regard to actual consumption of newsprint by its users. It will help not only to project the realistic requirement of newsprint in the country but also in elimination of malpractices in its sale/purchase.

1.26 The new import-export policy has been in vogue for the last two years. The Committee would like to know the impact felt and the experience gained as a result of decanalising import of newsprint.

#### Implementation of Recommendations

1.27 The Committee would like to emphasise that greatest importance has to be attached to the implementation of recommendations accepted by the Government. They, therefore, expect that Government would take steps in this regard. In cases where it is not possible to implement the recommendations in letter and spirit for any reasons, the matter should be reported to the Committee in time with reasons for non-implementation.

1.28 The Committee desire that replies in respect of the recommendations contained in Chapter V of the Report may be finalised and furnished to the Committee expeditiously.

## CHAPTER II

### RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

#### **Recommendation (Sl. No. 7, Para No. 1.92)**

Considering the unwillingness of STC to continue importing newsprint for small and medium newspaper even after its decanalisation and in absence of any other alternative institutional arrangement for the purpose, the Committee expect the Government to help this segment of the newspaper industry to overcome handicaps it will face under the new dispensation. For this purpose, the possibility of persuading the State Government undertaking to step in as importers of Newsprint may be explored.

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

There are, at present, about 100 newsprint handling agents from all over the country enlisted with RNI besides the STC who could be approached by the newspaper publishers for procurement of newsprint both imported and indigenous on their behalf. The newspapers are not reported to be facing any handicap in this regard of late. State Government undertakings are free to register themselves as handling agencies. Efforts shall be made to persuade State Government undertakings.

[Ministry of I&B, O.M. No. 73290-MUC dated 7.10.1993]

#### **Recommendation (Sl. No. 11, Para No. 1.96.1)**

The Government should adopt a policy regime which can keep dependence on imported newsprint within manageable limits. To this end all efforts should be made to ensure that the new newsprint units which have been approved recently reach production stage without any delay.

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

This recommendation is accepted. Increased production will definitely save foreign exchange and decrease dependence on imports. The question of augmenting indigenous availability of newsprint concerns the Ministry of Industry. They have been requested to take appropriate effective steps to implement the above directive.

[Ministry of I&B, O.M. No. 73290-MUC dated 14.1.1993]

#### **Subsequent reply of the Government**

Ministry of Industry is the nodal and controlling Ministry for increasing the indigenous availability of newsprint so as to decrease dependence on

imports. They have already been addressed to take necessary steps to implement the above recommendation.

[Ministry of I&B, O.M. No. 73290-MUC dated 7.10.1993]

**Recommendation (Sl. No. 13, Para No. 1.96.3)**

In order to encourage consumers as well as producers in moving away from excessive dependence on imported newsprint inherent bias underlying existing tariff policy in favour of the imported newsprint should be eliminated. To this end appropriate changes in the tariff may be undertaken so as to give a clear price advantage to the indigenous newsprint so long it is environmentally compatible and ecologically harmless.

**Reply of the Government**

Government agrees with the above suggestions in principle. After decanalisation of import of newsprint, it is only through a suitable tariff mechanism that indigenous newsprint can be accorded adequate protection. Ministry of Industry is already encouraging environmentally compatible technologies based on bagasse etc. to increase production of indigenous newsprint.

[Ministry of I&B, O.M. No. 73290-MUC dated 14.1.1993]

**Recommendation (Sl. No. 14, Para No. 1.96.4)**

The environmental and ecological aspects of promoting newsprint industry in the country may be examined indepth and a definite policy laid down for implementation.

**Reply of the Government**

Ministry of Industry and Environment being primarily concerned with the above recommendation, they have been requested to consider the recommendation and take appropriate action.

[Ministry of I&B, O.M. No. 73290-MUC dated 14.1.1993]

**Subsequent reply of the Government**

The Ministry of Industry which is the administrative Ministry for the newsprint industry have been suitably addressed to give effect to the above direction of the Committee.

[Ministry of I&B, O.M. No. 73290-MUC dated 7.10.1993]

**Recommendation (Sl. No. 15, Para No. 1.96.5)**

The Ministry should assist small and medium newspapers in setting up Newsprint Consumer Cooperatives so that they are able to enjoy the same economics of scale as would be enjoyed by bigger newspapers. Simultaneously, the possibility of persuading the State Government Undertakings to step in as importers of newsprint may also be explored.



### **Reply of the Government**

Setting of of consumer cooperatives by small and medium newspapers is a voluntary matter and the initiative has to come from the newspaper organisations representing the small and medium sector. However, the Government would extend whatever assistance is required in the matter.

As regards the State Government Undertakings stepping in as importers of newsprints, after the decanalisation of import of newsprint, every newspaper owner is free to import newsprint directly or through channelising agencies. Therefore, the Government's involvement in the matter is not required under the new policy.

[Ministry of I&B, O.M. No. 7/32/90-MUC dated 14.1.1993]

#### **Recommendation (Sl. No. 16, Para No. 1.96.6)**

Efforts should be made to make indigenous newsprint available to small and medium newspapers at various regional locations.

### **Reply of the Government**

Ministry of Industry have been requested to advise the Newsprint Mills under its control to make suitable marketing arrangements to make newsprint available at as many regional locations as possible. However, this will depend on the commercial viability of opening such outlets.

[Ministry of I&B, O.M. No. 7/32/90-MUC dated 14.1.1993]

#### **Subsequent reply of the Government**

After the import of newsprint has been decanalised, newspapers are free to source their requirement of indigenous newsprint from any of the Scheduled mills. Recently, 9 new mills located in various parts of the country have been included in the list of Scheduled mills and hence there is availability of more paper to small and medium newspapers at various places. Moreover, there are about 100 newsprint handling agents spread all over India, enlisted with RNI. The newspapers can get the assistance of any of the handling agents to procure newsprint. Of late, no difficulty has been expressed by the small and medium newspapers in the matter of procurement of newsprint. However, the Ministry of Industry has been requested to take the above recommendation into account for implementation.

[Ministry of I&B, O.M. No. 7/32/90-MUC dated 14.1.1993]

#### **Recommendation (Sl. No. 20, Para No. 1.96.10)**

Government should further review the wastage norms in consumption of newsprint in consultation with ISI and BICP.

### **Reply of the Government**

A committee is being formed associating both ISI and BICP to review thoroughly the wastage margin of newsprint consumption both imported and indigenous newsprint including glazed newsprint.

[Ministry of I&B, O.M. No. 7/32/90-MUC dated 14.1.1993]

### **Subsequent reply of the Government**

A Committee has been set up with the representatives of Bureau of Indian Standards (BIS) formerly known as ISI and Bureau of Industrial Costs and Prices (BICP). The Committee is expected to submit its report by March, 1994.

[Ministry of I&B, O.M.No. 7/32/90-MUC dated 7.10.1993]

### **Recommendation (Sl. No. 22, Para No. 1.96.12)**

The Committee would also like to know whether some paper mills are producing paper similar to newsprint by using wastes paper as raw material and whether this paper can be brought under the purview of Schedule-I of Newsprint Control Order in order to enhance the supply of indigenous newsprint.

### **Reply of the Government**

Some paper mills are reported to have been producing paper suitable for printing of newspapers by using de-inking process and waste-paper as raw material. However, Ministry of Industry is the nodal and controlling Ministry so far as the paper mills are concerned. Inclusion of these paper mills in the Schedule-I of the Newsprint Control Order is under the consideration of the Government.

[Ministry of I&B, O.M.No. 7/32/90-MUC dated 14.1.1993]

### **Subsequent reply of the Government**

The Department of Industrial Development vide their Public Notice dated July 31, 1992 has amended the Newsprint Control Order, changing the definition of "Newsprint" by adding White Printing Paper manufactured out of raw material furnish containing de-linked recycled waste paper conforming to Indian Standard requirements for newsprint specified by the Bureau of Indian Standards. Subsequently, 9 more mills manufacturing paper in the private sector have been included in Schedule-I of the Newsprint Control Order.

[Ministry of I&B, O.M.No. 7/32/90-MUC dated 7.10.1993]

### **Recommendation (Sl. No. 28, Para No. 2.42.1)**

The Ministry of Information and Broadcasting should examine as to how effectively the Registrar of Newspapers in India (RNI) in its present status and organisation, is able to coordinate effectively with various other Ministries for smooth and speedy implementation of the Newsprint Allocation Policy.

**Reply of the Government**

After the decanalisation of import of newsprint w.e.f. 1.4.1992, the role of RNI is confined to issue of Certificate of Entitlement for import of newsprint and lifting of standard newsprint from indigenous newsprint mills to those newspapers who apply for it. RNI is effectively coordinating without any problem with other Ministries/Departments/Organisations.

[Ministry of I&B, O.M.No. 7/32/90-MUC dated 14.1.1993]

## CHAPTER III

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

#### **Recommendation (Sl. No. 1, Para No. 1.86)**

Distribution and consumption of newsprint in the country comes under the purview of Essential Commodities Act, 1955 and is therefore regulated by Newsprint Control Order of 1962. The factors underlying control over newsprint are twofold: heavy dependence on imported newsprint and the perennial shortage of foreign exchange. Though efforts have been made to enhance indigenous production of newsprint, the existing level of production *i.e.* 3.36 lakh tonnes fell short of the requirement by 2.26 lakh tonnes during 1990-91, which had to be imported. In this context the Committee are informed that proposals for production of additional 3.04 lakh tonnes in the public sector have been cleared by the Government. However, if 7% rate of growth in the consumption of newsprint, projected during 1990s, is taken into account, imports of newsprint will continue to remain at a significantly high level of 2.72 to 5.76 lakh tonnes per year depending upon the actual time-lag in the commencement of production by the three newly approved newsprint mills. This will, obviously, involve heavy foreign exchange outflow.

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

The projections of newsprint consumption and import made in the Kelker Committee's Report and the estimates of the Ministry of Industry point to a growing dependence on imports as domestic production is unlikely to improve significantly. Therefore, Government shares the apprehension and the fears expressed by the Committee. However, the picture emerging from the statistics made available for year 1992-93 point to a slight fall in imports of newsprint as against the previous years. As against import of 2.26 lakh tonnes in 1990-91, the total import of standard and glazed newsprint as reported by Director General Commercial Intelligence stood at 1.95 lakh metric tonnes. It is expected that the projected growth of consumption of newsprint at the rate of 7% may not materialise because from the available trend it appears that demand for newsprint seems to have reached a plateau. On the other hand, nine more mills producing paper, which can be used as newsprint, have been included in Schedule-I of the Newsprint Control Order thereby augmenting indigenous capacity by almost 70,000 metric tonnes. Thus, there is a significant improvement in the availability situation over the previous years. It is hoped that with addition of new capacities the dependence on imports might reflect a downward trend.

[Ministry of I&B, O.M.No. 7/32/90—MUC dated 7.10.1993]

**Recommendation (Sl. No. 2, Para No. 1.87)**

The Committee note with concern that even though domestic newsprint industry is considered to be efficient in conversion costs, it is costlier than the imported newsprint by about 30% owing to poor quality of raw material used *viz.* Bamboo and hard wood. The position is further accentuated by the fact that for India the ecological costs of promoting a wood-based newsprint industry can be unacceptable. Although production of newsprint from bagasse has provided a feasible option to the country, sufficient production capacity is yet to be established. Therefore it is evident that import substitution is, at present, beset with inherent limitations and cannot be pursued beyond a point. In this context, the Committee also observe that owing to various factors including the price and quality, newspaper industry, by and large, prefer imported newsprint to the indigenous, to the extent that the newspaper allocation policy has over the years been aimed largely at enforcing consumption of indigenous newsprint along side the imported newsprint. The Committee, therefore, find it difficult to brush aside the prognostication that the import-orientation of the newspaper industry is likely to continue in future. This can have two serious consequences: higher international prices of newsprint and the forced consumption of domestic newsprint as a continuing feature of the Newsprint Allocation Policy. The Committee are convinced that this situation is fraught with considerable risk because it would not be in the national interest to have a growing and a vigorous press media depending continuously on the vagaries of international market as also of the uncertainty of the balance of payment situation in the country. On the other hand control over consumption of newsprint, howsoever indirect and well meaning, is likely to be perceived, and not too unjustifiably, to be militating against the freedom of Press that is so essential for free flow of news, views and information.

**Reply of the Government**

As against six scheduled mills supplying newsprint at the time of examination of the newsprint policy by the Committee, nine more mills producing paper have been included in the Schedule-I of the Newsprint Control Order improving the availability position of newsprint. The total indigenous supply now is expected to about 3.80 lakh MTs and import requirement would be in the range of 1.80 lakh MTs against the total estimated demand of 5.60 lakh MTs of standard newsprint this year. The sale price of the paper supplied by the newly scheduled mills is lower and the newspapers have wider option now and the newsprint prices will

sooner or later be determined by the market forces. There is a significant improvement in the situation now.

[Ministry of I&B, O.M.No. 7/32/90—MUC dated 7.10.1993]

**Recommendation (Sl. No 3, Para No. 1.88)**

According to the Kelkar Committee which was set up to examine the Newsprint Allocation Policy the quantitative restrictions implicit in the allocatory policy convey wrong signals to both producers of newsprint as also the consumers. While to the producer it implies cost plus pricing, leaving inadequate incentive for cost reduction, to the consumer it ensures a virtually tariff-free import; thus encouraging profligacy in consumption of imported newsprint. The Committee are shocked to note that although several years have elapsed since Kelkar Committee submitted their report Government have yet to take a decision on the major recommendations of the Committee. The Committee deprecate the failure of the Government in implementing the major recommendation of the Kelkar Committee that to achieve the underlying objectives of the policy *i.e.* self-reliance and a free Press, there must be a change over from physical to fiscal control in newsprint allocation.

**Reply of the Government**

The above recommendation of the Committee was duly considered by the Government. But, consistent with the general liberalisation policy, the Government consciously accepted the demand of the newspaper industry and withdrew customs duty from newsprint import fully from 1.4.92. Nevertheless, the Government is gradually moving towards a regime with little quantitative restrictions by fiscal controls if necessary.

[Ministry of I&B, O.M.No. 7/32/90—MUC dated 7.10.1993]

**Recommendation (Sl. No. 4, Para No. 1.89)**

The Committee are distressed to find that the problem of formulating long term newsprint allocation policy on the lines suggested by the Kelkar Committee has become difficult due to the conflicting interest and perceptions of various segments of newspaper industry. While on the one hand of the spectrum are big English newspapers dominating the national scene, at the other hand are small tiny newspapers printed in different Indian languages with circulation limited to certain regions or even smaller geographical entities. The Committee note that the former, represented by the Indian Newspaper Society, have welcomed the recent decanalisation of newsprint while Indian Federation of Small and Medium Newspapers have expressed the opinion that small newspapers cannot be bracketed with big newspapers in the matter of import of newsprint owing to inherent disadvantage suffered by this segment in regard to geographical location, advertisement revenue and financial viability. In this context, the Committee are of the opinion that in bringing about decanalisation of the newsprint and consequent changes in the allocatory regime the

Government has not addressed itself to the basic problems of import orientation in the consumption of newsprint. They are of the view that without providing a distinct tariff advantage to the domestic newsprint industry, particularly those units whose production is based on baggasse, the position would not improve significantly as foreign exchange position continues to be precarious. This will particularly affect, adversely, the small and medium newspapers who are expected to compete with bigger newspapers for foreign exchange in the open market. In this context, the Committee have taken note of various suggestions put-forth by the Indian Federation of Small and Medium Newspapers. They also note that small newspapers have expressed themselves in favour of a decentralised sales & distribution system in regard to indigenous newsprint.

### **Reply of the Government**

Government gives rebate in excise duty for manufacture of paper from non-traditional items like baggasse. Newsprint manufactured by the scheduled newsprint mills are fully exempted from excise duty if the same is purchased and lifted against the Entitlement Certificate issued by RNI. As regards sale and distribution of indigenous newsprint, newspapers are free to purchase and lift indigenous newsprint direct or through handling agents from any newsprint mills and from any of the scheduled mills of their choice against the Entitlement Certificate issued by RNI

[Ministry of I&B, O.M. No. 7/32/90—MUC dated 7.10.1993]

### **Recommendation (Sl. No. 6, Para No. 1.91)**

The Committee are also aware that decanalisation of newsprint, in isolation from other policy reforms such as reduction in the cut-off limit of full requirement of newsprint and fiscal measures to make indigenous newsprint competitive, does not solve the basic problems underlying the Newsprint Allocation Policy. Moreover, the Committee believe that control over newsprint allocation becomes meaningless when import of newsprint has been decanalised. In their opinion Government policy should be to move towards a situation where newsprint is a totally decontrolled commodity and the required protection to domestic newsprint industry is given through fiscal measures and market mechanism.

### **Reply of the Government**

At present Government exercises very little control over the newsprint allocation. All newspapers whose annual entitlement of newsprint is upto 200 MT are free to source their entire requirement from import or from the indigenous mills. All newspapers whose annual entitlement is more than 200 MT are given open Entitlement Certificate to import newsprint subject only to the condition that they import one tonne of newsprint as against 2 tonnes of newsprint lifted from the indigenous mills. This control is intended only to give the required protection to the domestic

newsprint industry and to restrict the outflow of foreign exchange in the national interest.

[Ministry of I&B, O.M. No. 7/32/90—MUC dated 7.10.1993]

**Recommendation (Sl. No. 8, Para No. 1.93)**

The Committee are also unable to appreciate that a newspaper, the requirement of which exceeds 200 MT mark, only marginally, ought to be subjected, to a 1:2 ratio thus loading it with a serious cost disadvantage. In this regard, they feel that the assertion of Secretary of I&B that there has to be a cut-off point somewhere appears to be the question. In their opinion, the whole point, in fact, is to bring about rationalisation in the application of 1:2 ratio. The Committee are of the view that this ratio should be applied only in respect of quantity drawn by a newspaper over and above the cut-off mark.

**Reply of the Government**

The existing cut-off mark and the application thereof aim at helping financially to some extent the small and some medium newspapers falling under the category of below 200 metric tonne. However, if the perception of the Committee is accepted then the economically sound big and some medium newspapers will be entitled to certain avoidable benefits and imports will considerably increase leading to a additional outflow of foreign exchange. This was the guiding factor which prompted the Government not to accept this recommendation of the Kelkar Committee as well as demand of certain newspapers. This will benefit certain big newspapers which do't require to be helped by the Government. Government's efforts are to help small and medium newspapers.

[Ministry of I&B, O.M. No. 7/32/90—MUC dated 7.10.199]

**Recommendation (Sl. No. 12, Para No. 1.96.2)**

The recommendations of the Kelkar Committee in regard to long term policy on newsprint should be implemented without any further delay and a newsprint allocation regime based on fiscal control ushered in so as to minimise import orientation of newspaper industry. Such policy changes may be brought about as will facilitate total decontrol of newsprint within a definite time frame. To encourage greater indigenous production of newsprint all the necessary incentives may be given for promoting bagasse based newsprint units.

**Reply of the Government**

Most of the recommendations contained in Step I of the Kelkar Committee Report have already been implemented. Government has in the meanwhile decanalised the import of newsprint. Government is also seized of the question of withdrawal of the Newsprint Control Order and decontrol of newsprint. These steps, when implemented,



would enable the market forces to have a full play so as to balance supply and demand of newsprint.

[Ministry of I&B, O.M. No. 7/32/90—MUC dated 14.1.1993]

**Recommendation (Sl. No. 21, Para No. 1.96.11)**

Government should formulate a longterm policy for encouraging indigenous production of newsprint based on cheaper raw material like bagasse, raw jute, jute sticks etc. as the country cannot remain dependent on the import of newsprint for all times to come particularly when the demand for newsprint is bound to increase in the coming year. The Committee also desire that research and development effort should be stepped up and directed at identifying such plants/trees which can be used as a cost effective raw material for production of newsprint. They also desire that as and when identified, these trees may be popularised under 'social forestry scheme'.

**Reply of the Government**

The issue under the recommendation concerns mainly the Ministry of Industry and Environment. Hence the matter has been taken up with these Ministries to take suitable action on this recommendation.

[Ministry of I&B, O.M. No. 7/32/90—MUC dated 14.1.1993]

**Subsequent reply of the Government**

It is the long term policy of the Government to encourage the use of alternative raw materials like bagasse and other agricultural wastes in manufacture of paper. Government gives rebate in excise duty for manufacture of paper from non-traditional items.

As per the information furnished by the Ministry of Environment and Forests to this Ministry, identification of species for use in paper production through research is a continuing process and to date over 16 species have been identified for this purpose.

Under Social Forestry Schemes people are encouraged to plant trees required by the industries. However, the choice of species is made by the people and their preference for planting different kinds of plants is based on economic considerations as in the case of other agricultural/horticultural produce.

[Ministry of I&B, O.M. No. 7/32/90—MUC dated 7.10.1993]

**Recommendation (Sl. No. 25, Para No. 2.39)**

The Committee find that 1917 Newspapers/Periodicals big, medium and small were allocated 15119.40 MTs of glazed and 12432.31 MTs of standard Newsprint (5276.30 MTs imported and 7156.01 MTs indigenous) during 1990-91. Out of this quantity allocated. 1379.18 MTs of imported glazed newsprint (rate Rs. 17772 per MT) and 2000 MTs of imported standard newsprint (rate Rs. 11349 per MT) costing Rs. 4.72 crores in

foreign exchange was lifted by the publishers towards the initial quota for 1990-91. From the State-wise details, the Committee note that the maximum number of newspapers/periodicals to whom the newsprint was allocated, was from Bihar (446) followed by Tamil Nadu (288), Delhi (243), UP (184), MP (172) and Karnataka (131). As regards allotment of most of the glazed and indigenous newsprint during the last year, the Committee are surprised to note the reply of the Government that "It is a publisher of a newspaper/periodical, who decides when he wants to approach the RNI for the allocation of newsprint and even if many of the publishers approach RNI during the last quarter for allotment of newsprint, he has to make allocation". The Committee are unhappy over this state of affairs.

### **Reply of the Government**

The situation as mentioned by the Committee had undergone a drastic change after decanalisation of newsprint effected from 1.4.1992. All newspapers are now being given Entitlement Certificates for the whole year. They are now free to import and purchase from indigenous scheduled mills either or through handling agents.

[Ministry of I&B, O.M. No. 7/32/90—MUC dated 7.10.1993]

### **Recommendation (Sl. No. 26, Para No. 2.40)**

The Committee have also been informed that para 7.5 of the Newsprint Allocation Policy for 1990-91 provided that only regular periodicals, which had multi-colour printing requirement might be allocated glazed newsprint subject to foreign exchange availability and the fresh applications were to be considered on merits. However, as per para 4.4 (a) of the Policy a fresh applicant was to be given an initial quota of newsprint for four months as determined by Registrar of Newspapers for India upon his satisfaction of the projection of circulation by the applicant subject to a maximum of 10,000 copies. The office of RNI allocated initial quota of newsprint for four months only on production of specimen copy of the Newspaper/Periodical alongwith the requisite application and the Newspaper was given 5 MTs of imported variety and balance in indigenous as was applicable. The Ministry of Information and Broadcasting have admitted that even this small offer towards initial quota attracted a large number of applicants. The Ministry have however, stated that this trend was arrested during 1991-92 by de-clubbing by-weeklies, tri-weeklies, from periodicals and treated on par with dailies, thereby making them ineligible for the allocation of glazed newsprint. The concept of initial quota was also dispensed with and a fresh applicant was required to get itself registered with the RNI and run on its own for atleast one year before making the application for allocation of newsprint.

### **Reply of the Government**

The policy provision as mentioned under this para has been thoroughly revised. At present initial quota is allotted from indigenous scheduled mills

to a fresh applicant from the date of receipt of application upto the end of the licensing year which is 31st March.

[Ministry of I&B, O.M. No. 7/32/90—MUC dated 7.10.1993]

**Recommendation (Sl. No. 32, Para No. 2.42.5)**

The Audit Bureau of Circulation may be made more independent and broad based and its working methodology be modernised appropriately in order to have an effective assessment of circulation figures of newspapers.

**Reply of the Government**

The Audit Bureau of Circulation is a private organisation. Therefore, it is not advisable on the part of the Government to interfere with the working of this organisation.

[Ministry of I&B, O.M. No. 7/32/90—MUC dated 14.1.1993]

**Recommendation [Sl. No. 33, Para No. 2.42.6(a)]**

The Government should devise a suitable method to ensure even flow of glazed/standard newsprint to the publishers of the newspapers/periodicals.

**Reply of the Government**

Under the new dispensation of decanalisation, decontrol and deregulation, the flow of newsprint availability is expected to be uninterrupted. However, Government will of course remain vigilant to remove any bottleneck in the easy flow of newsprint if faced by the newspapers or there is any breakdown of supply process.

[Ministry of I&B, O.M. No. 7/32/90—MUC dated 14.1.1993]

## CHAPTER IV

### RECOMMENDATIONS IN RESPECT OF WHICH GOVERNMENT'S REPLIES HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATIONS

#### Recommendation (Sl. No. 5, Para No. 1.90)

The Committee further note that under earlier policy the newspapers were entitled to get imported and indigenous newsprint in the ratio 35:65 except where a newspaper required less than 200 MT in a year in which case the entire requirement was allowed to be met from the imported stock. Although import of newsprint has been decanalised w.e.f. 1st April, 1992 the formula for allowing import of newsprint remains virtually unchanged. The Committee find that this formula is contrary to the recommendations of the Kelkar Committee which had recommended a cut-off limit of 50 MT for the purpose of 100% import of required newsprint. Keeping in view the criteria of 25000 pages for treating a newspaper as small, the Committee reject the contention of the Ministry that by accepting this recommendation the interest of the small newspapers would suffer because 50 MT is more or less sufficient to sustain a newspaper of this size. The Committee therefore feel that in respect of newspapers consuming more than 50 MTs there is no justification of allowing entire newsprint to be imported. On the contrary it merely perpetuates the vested interest of newspapers in showing their consumption below 200 MT mark.

#### Reply of the Government

The recommendation of the Kelkar Committee referred to in this para was previously examined by the Government and the limit was scaled down from 300 metric tonnes to 200 metric tonnes since 1989-90 considering the economy of the small and medium newspapers. If the limit of 200 MT is further scaled down, it will no doubt affect adversely the economy of the small and medium newspapers as they are at present not getting any concession except the facility of 100% import of standard newsprint. Therefore, these categories of newspapers would resent any move to further scale down the limit. It may also be pointed out that the criterion for treating a newspapers as small is below "25,000 copies per issue" and not "25,000 pages".

[Ministry of I&B, O.M. No. 7/32/90—MUC dated 7.10.1993]

#### Recommendation (Sl. No. 9, Para No. 1.94)

The Committee find that large newspapers with multiple editions have been critical of the provision in the Newsprint Allocation Policy for clubbing the circulation figures of all such editions for the purpose of

determining the quantum of imported newsprint such newspapers are entitled to. The Indian Newspapers Society (INS) have termed this as unfair on various counts. The Committee, are not inclined to agree with the view point expressed by INS even though it can be conceded that by having many smaller establishments for different individual editions, the newspapers do have to bear greater costs to some extent. The Committee have a sneaking doubt that the liberal cut-off mark of 200 MT adopted by the Government for the purpose of allowing import of the entire requirement of a newspaper has created a vested interest among newspapers to remain small so as to avail of cost advantage it ensures under the present dispensation. They are, therefore of the view that if the cut-off limit is reduced, a large many problems on this account would disappear and the practice of having multiple editions and the proliferation of titles under the banner of single newspaper group would also become irrelevant. Thus, while the Committee are inclined to accept that clubbing of newspapers is a necessity, they simultaneously urge the Government to give serious consideration to their recommendation for scaling down the cut-off limit for meeting the entire newsprint requirement from imported stocks.

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

The recommendation of the Kelkar Committee referred to in this para was previously examined by the Government and the limit was scaled down from 300 metric tonnes to 200 metric tonnes since 1989-90 considering the economy of the small and medium newspapers. If the limit of 200 MT is further scaled down, it is likely to affect adversely the economy of the small and medium newspapers as they are at present not getting any concession except the facility of 100% import of standard newsprint. Therefore, these categories of newspapers are likely to resent any move to further scale down the limit.

[Ministry of I&B, O.M. No. 7/32/90—MUC dated 7.10.1993]

#### **Recommendation (Sl. No. 10, Para No. 1.95)**

The Committee find that even though the present tax laws do not protect domestic newsprint industry, certain incentives like exemption from Central Excise Duty and facility of importing raw materials are nevertheless available to it. The Committee are persuaded to accept the view that even though most foreign countries have not levied customs duty on import of newsprint, it is necessary to do so in India, in order to regulate the consumption pattern. They are also aware that for medium and small newspapers partial and full exemption from Customs Duty is available.

Glazed newsprint is entirely imported partly because it invites no import duty and partly because there has been no attempt at import substitution on glazed newsprint. The Committee are dismayed that though Kelkar Committee recommended a tariff level of 55%, Government after unsuccessfully attempting to impose a 30% *ad velorum* duty and then reverting to the old duty of Rs. 550 metric tonnes has removed customs duty altogether in the Budget for the year 1992-93.

Wastage in consumption of newsprint is inevitable though subject to certain norms. The Committee note that on the basis of Kelkar Committee recommendations Government have raised the wastage from 5 to 7%. The Indian Newspaper Society, however, considers it as "woefully inadequate". Basing its assertion on a certain study by Indian Standards Institution the Society has demanded the acceptable wastage norm of 10%.

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

Import of both standard and glazed newsprint is fully exempted from payment of custom duty with effect from 1.4.92 irrespective of whether it is imported by big, medium or small newspapers.

While the Government is gradually moving towards a regime with little quantitative restrictions but fiscal controls in its place for the protection of the indigenous mills, the wastage compensation is now being allowed to the category of newspapers whose annual entitlement of standard newsprint is up to 200 metric tonnes. The newspapers having yearly entitlement of more than 200 metric tonnes of standard newsprint are given open Entitlement Certificates without mentioning any quantity of import but with the condition of 1:2 formula of import and purchase from indigenous mills and the formula of wastage margin will be irrelevant in their case. However, Government have accepted the recommendation of the Estimates Committee under para 1.96.10 to get the wastage margin reviewed by a Committee which shall associate ISI and BICP.

[Ministry of I&B, O.M. No. 7/32/90—MUC dated 7.10.1993]

#### **Recommendation (Sl. No. 17, Para No. 1.96.7)**

The cut-off mark for importing full requirement of newsprint may be brought down to 50 MT as recommended by the Kelkar Committee.

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

The present cut-off mark for importing full requirement of newsprint is 200 MTs. While the recommendation is acceptable as a part of a long term Newsprint Allocation Policy, bringing down the cut-off mark to 50 MTs at one time is not advisable owing to the big gap between the demand for newsprint and its indigenous availability, which cannot be bridged without resorting to import, as there are very few newspapers whose annual requirement of newsprint is below 50 MTs.

[Ministry of I&B, O.M. No. 7/32/90—MUC dated 14.1.1993]

**Recommendation (Sl. No. 18, Para No. 1.96.8)**

In respect of newspapers more than the cut-off limit consumption of domestic newsprint may be enforced only in respect of newsprint required over and above the cut-off limit.

**Reply of the Government**

This recommendation is a sequel to the previous recommendation No. 7 at Para 1.96. Action to implement it can be taken only after the Government has implemented the previous recommendation as a long term newsprint policy.

[Ministry of I&B, O.M. No. 7/32/90—MUC dated 14.1.1993]

**Recommendation (Sl. No. 19, Para No. 1.96.9)**

Customs duty on glazed newsprint should be enhanced to a level which is compatible with the objectives of Long Term Newsprint Allocation Policy.

**Reply of the Government**

Customs duty on glazed newsprint has been completely abolished by the Government as a part of the Government's policy to help the newspaper industry. Therefore, it is not advisable to reverse this policy without giving it a fair trial.

[Ministry of I&B, O.M. No. 7/32/90—MUC dated 14.1.1993]

**Recommendation (Sl. No. 27, Para No. 2.41)**

The Committee are disappointed to find that even though over 27,000 newspapers have been registered with the RNI, circulation figures are apparently known in respect of 6858 newspapers only. The Kelkar Committee has pointed out that only about 10% of the newspapers in the country approach RNI for allocation of newsprint. The Committee are of the considered view that this situation cannot but pose serious difficulty in projecting the demand for newsprint on a realistic basis. Besides it also indicates the existence of a market outside the newsprint allocatory regime. The Committee also note that owing to staff limitations RNI is not in a position to verify the circulation figures of more than 600 to 800 newspapers in a year. The Committee cannot but express their deep concern at lackadaisical approach of the Government towards the problem despite the Government being aware of this distortion in the allocatory regime. Nobody seems to have been penalised so far for not furnishing or furnishing incorrect circulation figures to RNI. The Secretary, Information and Broadcasting attributed this to the inability of RNI to implement the law as, according to him, it was not possible to do the policing envisaged in the law. The Committee are deeply perturbed over the above state of affairs and are amazed at the complacency shown by the Government in this regard. However, they hope necessary legal and administrative measures will be adopted to overcome this unedifying situation.

### **Reply of the Government**

The Special Group as mentioned in reply to para 2.37 would also study and examine this problem and make suitable recommendations in deference to the observations made by the Committee in this para.

[Ministry of I&B, O.M. No. 7/32/90—MUC dated 7.10.1993]

#### **Recommendation (Sl. No. 30, Para No. 2.42.3)**

PRB Act may be amended with a sense of urgency in order to simplify the procedure for registration of newspapers. Simultaneously the registration work may also be decentralised to make it an easy exercise for newspapers spread in the length and breadth of the country. The PRB Act may also be amended so as to obviate the blocking of titles.

### **Reply of the Government**

A Bill to amend the PRB Act was introduced in the Rajya Sabha in 1988. But the Bill was withdrawn in view of the adverse criticism by the Press on some of the proposals found irritant by the newspapers. The entire amendment proposal will be reviewed and a fresh Amendment Bill taking into account the various aspects of simplifying registration procedures will be prepared and introduced for consideration by the Parliament as early as possible.

With a view to decentralising some of the work of RNI, including registration of newspapers, three regional offices have been set up at Calcutta, Bombay and Madras during the Seventh Plan. These offices have already started functioning. With the same end in view, the existing computer system is being upgraded and linked up with the regional offices as a plan scheme under the Eighth Plan programme. The newspapers thus could be served better by RNI after implementation of the Eighth Plan Scheme.

[Ministry of I&B, O.M. No. 7/32/90—MUC dated 14.1.1993]

#### **Subsequent Reply of the Government**

A special group to review the PRB Act has already been constituted on 12.8.93 under the Chairmanship of the Principal Information Officer. The group is expected to identify/recommend changes in the said Act/or the rules and orders issued thereunder and submit the report within six months. The observations of the Committee will be sent to the Principal Information Officer for further action; once the group's report is received and acted on the Committee will be furnished a report.

[Ministry of I&B, O.M. No. 7/32/90—MUC dated 7.10.1993]



**Recommendation (Sl. No. 31, Para No. 2.42.4)**

Immediate steps, legal as well as administrative, should be taken to make the verification of circulation figures regular, effective and commensurate with the overall magnitude of newspaper industry so as to make estimation of newsprint requirement in the country realistic and to discourage the sale and purchase of newsprint outside the allocatory regime so long as Newsprint Control Order remains in force.

**Reply of the Government**

Besides the Circulation Cell in the Headquarters of RNI, three regional offices at Calcutta, Bombay and Madras have started functioning which have strengthened the Administrative set up. Besides, the computerisation system at the Headquarters is being strengthened by linking it with the computer systems in the regional offices at Bombay, Calcutta and Madras. Adequate resources, both manpower and material is being provided to RNI to discharge his important functions effectively.

[Ministry of I&B, O.M. No. 7/32/90-MUC dated 14.1.1993]

**Recommendation [Sl. No. 34, Para No. 2.42.6(b)]**

The impact of the policy changes introduced during 1991-92 and in the beginning of 1992-93 may be studied particularly in regard to elimination of various malpractices like bogus consumption and alleged sale and purchase of newsprint outside the allocatory regime. The results of the study may be intimated to the Committee within a period of six months.

**Reply of the Government**

The import of newsprint has been decanalised with effect from 1.4.1992 as per the Import-Export Policy for the period 1992-97 announced by the Government on 31.3.1992. Therefore, a fundamentally different policy for allocation of newsprint has been formed for the year 1992-93. Under the new policy, newspapers are free to import their entitled quantity of newsprint directly or through any channelising agency. It is too early to assess the impact of the current policy. However, RNI will be asked to conduct such a study in due course.

[Ministry of I&B, O.M. No. 7/32/90-MUC dated 14.1.1993]

## CHAPTER V

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

#### **Recommendation (Sl. No. 23, Para No. 2.37)**

The Committee note that the Registrar of Newspapers helps in formulation of Newsprint Allocation Policy and is also responsible for its implementation and monitoring. In this endeavour he is required to coordinate with various other Ministries and agencies of the Government. The Committee however, have not been apprised clearly whether RNI has been accorded appropriate status and independence of action to enable him to perform his duty of coordination effectively. As Registrar of Newspapers is an attached organisation of Ministry of Information and Broadcasting, it is obvious to the Committee that his interaction with other Ministries and agencies of the Government takes place through the Ministry of Information and Broadcasting thus making the chain of communication more elongated and the task of coordination more complicated.

The Committee find that Registrar of Newspapers of India is essentially a creation of Press and Registration of Books (PRB) Act, 1867 and is required to perform certain statutory functions apart from the implementation of Newsprint Allocation Policy. They are inclined to believe that the disproportionate attention of RNI towards non-statutory functions over the years have resulted in relative neglect of the statutory functions of this organisation such as registration of newspapers, verification of circulation figures etc. It is obvious that implementation of Newsprint Allocation Policy was entrusted to the RNI keeping in view the administrative advantage he had in this regard through performance of these statutory functions. The Committee therefore, conclude that RNI has not been able to cope up with its primary task of registering newspapers and verifying circulation figures thereby weakening the very rationale on the basis of which implementation of Newsprint Allocation Policy has been left under its care. The Committee would like to express their unhappiness at this apparent imbalance in the functioning of RNI and the delay in correcting the same. They have, however, been informed that Press and Registration of Books (PRB) Act is being amended to streamline and simplify the functions and procedure of RNI. Bill has since been withdrawn.

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

RNI does enjoy the required independence, in interacting with other departments and Ministries of the Government of India. However,

whenever a Policy matter is involved he is required to interact through the Ministry as Policies are evolved after inter-Ministerial discussions.

A special Group under the Chairmanship of the Principal Information Officer, Government of India has been constituted by the Government to review the Press and Registration of Books Act and to identify/recommend changes needed in the said Act and/or rules and orders issued thereunder to streamline and simplify the procedure etc. in tune with the Government Policy. The special Group is yet to finalise its recommendations.

[Ministry of I&B, O.M. No. 7/32/90-MUC dated 7.10.1993]

**Recommendation (Sl. No. 24, Para No. 2.38)**

The onus of registration of a newspaper/periodicals on the publisher. The Ministry have stated that after all legal formalities have been completed and required documents have been submitted in one lot, newspapers can be registered in a week's time. The Committee, however, regret to note that this happens very rarely. Invariably the process takes a longer time and in some cases it even takes years to decide. The Committee find that this is mainly on account of non-availability of titles as almost 2 lakhs titles stand blocked with the RNI as of now, resulting in a situation where people have to go to RNI again and again, with a new title which can be approved only if it has not already been blocked by someone. Phenomenon of blocking becomes evident if one considers that only 27,054 newspapers have been registered with RNI upto the end of 1989. Blocking of titles is apparently due to certain lacunae in the PRB Act. The Committee are distressed to note that blocking of titles has held up registration of large number of newspapers.

**Reply of the Government**

A special group under the Chairmanship of the Principal Information Officer has been constituted by the Government to review the Press and Registration of Books Act and to identify/recommend changes needed in the said Act and/or rules and Orders issued thereunder to streamline and simplify the procedure etc. The special Group will also elaborately examine the problem of deblocking of titles and is expected to suggest appropriate measure to deblock the same.

[Ministry of I&B, O.M. No. 7/32/90-MUC dated 7.10.1993]

**Recommendation (Sl. No. 29, Para No. 2.42.2)**

The Government should take immediate steps for rectifying the present functional imbalance in the office of the RNI and accord due

importance to its statutory functions. For this purpose human and financial resources commensurate with its task may be given to this organisation.

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

The working of the office of RNI *vis-a-vis* its statutory functions will be reviewed after a fair trial has been given to the new Policy of decontrolled and deregulated regime of allocation of newsprint after its introduction.

[Ministry of I&B, O.M. No 7/32/90-MUC dated 14.1.1993]

#### **Subsequent Reply of the Government**

So far, only decanalisation of import of newsprint has been effected by the Government. When complete decontrol is introduced, the work load in RNI in connection with the allocation of newsprint will be reduced and RNI's office would be in a position to discharge their other functions more effectively. However, on 16.4.93, the Government has constituted a special High Level Committee under the Chairmanship of Shri U.C. Agarwal, former Secretary, Department of Personnel and Administrative Reforms to study the aspects relating to services and cadres of all the media units and organisations of the Ministry of Information and Broadcasting, including the present delegation of powers, both financial and administrative, and to suggest suitable delegation and other charges to ensure smooth functioning of the machinery and to achieve maximum efficiency. This Committee is expected to submit recommendations within six months of its constitution. As soon as these are received and acted on a full report will be sent to the Committee on what steps have been taken to strengthen the Office of the RNI.

[Ministry of I&B, O.M. No 7/32/90-MUC dated 7.10.1993]

NEW DELHI;  
April 11, 1994

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Chaitra 21, 1916 (S)

**DR. KRUPASINDHU BHOI**  
CHAIRMAN,  
Estimates Committee.

## APPENDIX I

(Vide Introduction of the Report)

### *Analysis of Action Taken by Government on the 18th Report of Estimates Committee (10th Lok Sabha)*

	Total number of Recommendations	34
I.	Recommendations/Observations which have been accepted by Government	
	Total	9
	Percentage	26.5%
II.	Recommendations/Observations which the Committee do not desire to pursue in view of Government's replies	12
	Total	35.3%
	Percentage	
III.	Recommendations/Observations in respect of which Government's replies have not been accepted by the Committee	
	Total	10
	Percentage	29.4%
IV.	Recommendations/Observations in respect of which final replies are still awaited	
	Total	3
	Percentage	8.8%

## PART II

### MINUTES OF THE SITTING OF THE ESTIMATES COMMITTEE TWENTIETH SITTING

The Committee sat on Friday, the 8th April, 1994 from 1500 to 1610 hours.

#### PRESENT

Dr. Krupasindhu Bhoi — *Chairman*

#### MEMBERS

2. Shri S.K. Gangwar
3. Shri B.S. Hooda
4. Shri R. Jeevarathinam
5. Smt. Sumitra Mahajan
6. Shri Rupchand Pal
7. Shri Kabindra Purkayastha
8. Shri Satya Deo Singh
9. Shri P.C. Thomas
10. Shri Braja Kishore Tripathy
11. Shri Laeta Umbrey

#### SECRETARIAT

1. Shri Murari Lal — *Joint Secretary*
2. Smt. P.K. Sandhu — *Deputy Secretary*
3. Shri K.L. Narang — *Under Secretary*
4. Shri R.C. Gupta — *Under Secretary*

2.       \*\*                               \*\*                               \*\*                               \*\*

3. The Committee then considered and adopted the following Draft Reports without any modifications/amendments:

- (i) Report on Action Taken by the Government on the recommendations contained in the Eighteenth Report of the Estimates Committee (10th Lok Sabha) on the Ministry of Information and Broadcasting Newsprint Policy.

(ii)       \*\*                               \*\*                               \*\*                               \*\*

4. The Committee authorised the Chairman to make verbal and other consequential changes arising out of factual verifications by the respective Ministries in these Draft Reports and present the same to the House.

5.       \*\*                               \*\*                               \*\*                               \*\*

*The Committee than adjourned.*