

**DOORDARSHAN COMMERCIAL
SERVICE**

**MINISTRY OF INFORMATION
AND BROADCASTING**

**PUBLIC ACCOUNTS
COMMITTEE
1991-92**

TENTH LOK SABHA



**LOK SABHA SECRETARIAT
NEW DELHI**

**FOURTH REPORT
PUBLIC ACCOUNTS COMMITTEE
(1991-92)**

(TENTH LOK SABHA)

DOORDARSHAN COMMERCIAL SERVICE

**MINISTRY OF INFORMATION
AND
BROADCASTING**



*Presented in Lok Sabha on . 19 December, 1991
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**LOK SABHA SECRETARIAT
NEW DELHI**

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Minutes of the Sitzings of the Public Accounts Committee held on

(i) 11 December, 1990

(ii) 15 November, 1991

*Not printed. One cyclostyled copy laid on the Table of the House and 5 copies placed in Parliament Library.

PUBLIC ACCOUNTS COMMITTEE
(1991-92)

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4. **Shri K.C. Shekhar—*Under Secretary***

INTRODUCTION

I, the Chairman of the Public Accounts Committee as authorised by the Committee do present on their behalf this Fourth Report of the Committee on Paragraph 12 of the Report (No. 1 of 1990) of the C&AG of India for the year ended 31 March, 1989, Union Government (Civil) relating to Doordarshan Commercial Service.

2. In this Report, the Committee have noted that the limit of 10% of the total transmission time earlier allotted for commercial advertisements was reduced to 5% in 1986. But, the actual utilisation was just 2.5%. While the time available for advertisements during information and educational programmes remain mostly unsold, the demand for bookings exceed the advertisement time available for entertainment programmes. The Committee have recommended an indepth study of the demand for time for different segments and for different programmes and taking suitable measures so that Doordarshan may derive maximum revenue, within the permissible ceiling for commercial advertisements. the Committee have also suggested a study of the commercial service of Doordarshan for improving the marketing techniques. The Committee have favoured a subsidised rate stucture in the case of the Cottage, Handicrafts and Village Industries for their owners keeping in view their financial status. Besides, the Committee have suggested substitution of existing flat rate of commission for advertising agencies by a graded structure based on volume of business as this would generate healthy competition among these agencies.

3. As regards the outstanding payments due from advertising agencies, the Committee have expressed their concern over heavy outstanding dues to the extent of Rs. 2.52 crores upto January 1991 and underlined the need for study of the existing systems and procedures for billing in commercial services and formulation of revised guidelines in the matter. The Committee have also favoured linking of the computer system at Delhi with all other commercial Kendras with a view to improving the billing procedure. They have also suggested consideration of the question of advance payment by the advertising agencies.

4. The audit paragraph under report was examined by the Public Accounts Committee (1990-91) at their sitting held on 11 December, 1990.

5. The Committee considered and finalised this report at their sitting held on 15 November, 1991. Minutes of sittings form Part II* of the Report.

*Not printed. One cyclostyled copy laid on the Table of the House and 5 copies placed in Parliament Library.

6. A statement containing conclusions and recommendations of the Committee is appended to this Report (Appendix VIII). For facility of reference these have been printed in thick type in the body of the Report.

7. The Committee place on record their appreciation of the efforts made by the previous Public Accounts Committee in collecting written information and taking oral evidence of the representatives of the Ministry of Information and Broadcasting on the subject.

The Committee also place on record their appreciation of the assistance rendered to them in the examination of the audit paragraph by the office of the C&AG of India.

8. The Committee would also like to express their thanks to the officers of the Ministry of Information and Broadcasting for the cooperation extended to them in giving requisite information.

NEW DELHI;

9 December, 1991

18 Agrahayana, 1913 (Saka)

ATAL BEHARI VAJPAYEE

Chairman,

Public Accounts Committee

CHAPTER I

MARKETING OF TIME

This Report is based on Paragraph* 12 of the Report of the Comptroller and Auditor General of India for the year ended 31 March, 1989 (No. 1 of 1990), Union Government (Civil), captioned "Doordarshan Commercial Service."

Introductory

1.2 Doordarshan has been set up essentially for the purpose of disseminating information and education and providing healthy entertainment to its viewers so as to motivate them to a greater participation in the national developmental process and promote amongst them a sense of national integrity and unity.

1.3 The Commercial advertisements were introduced on television in Delhi from 1.1.1976, on lines similar to those followed for the commercial broadcasting by the All India Radio. Initially, only static captions for advertisements were allowed on the T.V. However, since these met with limited success, it was decided, after six months, to abandon them and commence spot advertisements on the T.V. Commercial Service has since then been extended to other Regional Centres like Ahmedabad, Bangalore, Bombay, Calcutta, Hyderabad, Jullunder, Lucknow, Madras, Srinagar and Trivandrum. This service is also available on second channel in the four metro cities.

Objectives of Commercial Service

1.4 The commercial advertisements on Doordarshan refer to paid publicity for promotion of sale of goods and / or services. These advertisements tell viewers about the availability and usefulness of such products as are of use to the people living in urban and rural areas.

1.5 The major objective for introduction of the commercial advertisements was to generate an additional source of revenue to meet the ever increasing expenditure on the expansion of the network and in the improvement of its programme content. However, the 'commercialisation' of Doordarshan continues to be secondary to its main charter of functions.

1.6 Asked how far the major objectives for introduction of the commercial advertisements had been achieved, the Ministry of Information and Broadcasting have informed the Committee that the revenue earned has assisted in the funding of a number of developmental schemes including the strengthening of central news organisation, upgradation and

*Appendix I.

modernisation of OB vans at selected centres, colour conversion of some of the transmitters and part expenditure incurred on the special T.V. expansion plans. The revenues so generated have also provided budgetary support to the plan activity of Doordarshan and AIR. In terms of quantum, the year-wise gross revenue collected since the inception of the "Commercial Service" was as follows :

Year	Gross revenue (in Crores)
1976-77	Rs. 0.77
1977-78	Rs. 2.07
1978-79	Rs. 4.97
1979-80	Rs. 6.16
1980-81	Rs. 8.08
1981-82	Rs. 11.27
1982-83	Rs. 15.89
1983-84	Rs. 19.79
1984-85	Rs. 31.43
1985-86	Rs. 60.20
1986-87	Rs. 98.32
1987-88	Rs. 136.29
1988-89	Rs. 161.26
1989-90	Rs. 210.13

Utilisation of time allocated for commercial advertisements

1.7 The Audit Para has brought out that according to the Manual of the Doordarshan, 10% of the total transmission time was allotted for the commercials. The Ministry of Information and Broadcasting informed the Audit in November, 1989 that the maximum permissible time allotted for commercials was, subsequently, reduced to 5% by an internal order, against which the actual utilisation was about 2½%

1.8 The Committee enquired as to what was meant by the term "10% time for commercials" and the considerations on the basis of which this percentage was fixed. The Ministry of Information and Broadcasting have stated that the term "10% for commercials" denotes that "not more than 10% of the total transmission time shall be utilised for telecast of commercial advertisements" and this percentage had been fixed in order to ensure that the basic social objectives for which Doordarshan has been established are not eroded by commercialisation.

1.9 During evidence before the Committee, the Secretary, Ministry of Information and Broadcasting explained:

"The initial 10% is something historic. When the commercial service in Radio i.e., Vividh Bharati started, at that time, there was some consideration, arising out of which it was felt that perhaps more than 10% would result in vitiation of a public broadcasting system programme. It was not something which came

out of statistical consideration or consideration of past experience, but it was an appreciation. I must start by saying that perhaps India is the only public broadcasting system which carries advertisements and one of the factors is to ensure that the basic character of public broadcasting does not get vitiated on account of advertising. It is in this context that 10% was initially thought of.”

1.10 The Audit para reveals that this 10% time for commercials was reduced to 5% by an internal order. The Committee, therefore, desired to know the considerations that weighed with the Government and the level at which this decision was taken. The Ministry of Information and Broadcasting have stated that the decision to devote not more than 5 per cent of the total broadcast time to commercial advertisements was taken at the level of Minister for Information & Broadcasting in early 1986. This decision reflected the Government’s concern to ensure that Doordarshan’s role in aid of socio-developmental processes is not eroded by commercial considerations.

1.11 As regards the duration of time being utilised presently for the commercial advertisements and its percentage to the total transmission time, the Ministry have stated that:

“The commercial advertisements were telecast on Doordarshan’s primary channel (National network and regional Kendras where commercial service has been introduced) for 436 minutes and 10 seconds per week during the month of September, 1990 which represented 2.68 per cent of the transmission time of the same month. The duration of commercial advertisements varies from month to month but the monthly average is of the order of 2.5 per cent.”

1.12 In reply to a question by the Committee as to whether the Ministry were satisfied with the 5% limit, the Secretary stated :

“There is a debate in my mind and also the debate in the country and very recently there was a forceful debate in Parliament also. When we say 5% or 2% what exactly do we mean? Are we talking over a year or a month or a programme? I would say that 5% for each programme may not be too bad although it may be on the high side but to achieve 5% over a period of a month. At the present moment, what is happening is that we are calculating, by and large, over a month because a month seems to take care of all kinds of broadcast. But if you project it as a policy, let us take a situation where there is so much demand for advertising over Doordarshan that we cannot just fulfil that demand, then it becomes of a very great significance as to what is your policy—are you going to allow 5% time for each programme or are you going to allow 10% time for each programme.

1.13 Asked whether the objective of achieving 5% was considered to be high and the need to reduce it desirable, the Secretary replied:

“Sir, I have not really applied myself in a logical sense to find out whether this 5% is ideal or not because we are not getting anywhere near this 5%. But certainly I would like to get to that 5%.

1.14 In a subsequent written note furnished to the Committee, the Ministry of Information and Broadcasting have stated that:

“The ceiling in respect of time which could be devoted to Commercial Advertisement relates to the total transmission time over a period of one month. Conceptually, it has been considered necessary to fix a ceiling for Commercial Advertisement time to ensure that the social objectives for which Doordarshan has been established are not eroded by devoting too much time to advertisements.”

1.15 Elaborating further on the fixation of norms, the Ministry have added that:

“The Act for establishment of an autonomous Corporation to take over the functions of Doordarshan and Akashvani has since been passed by the Parliament and assented to by the President of India. The Act, *inter alia*, provides that the Central Government shall have the power to determine the maximum limit of broadcast time in respect of advertisement to ensure that adequate time is made available for the promotion of the basic objectives, defined in the Act, for which the Corporation is proposed to be set up. In pursuance to this directive, an exercise has been initiated to determine the most suitable ceiling which needs to be imposed in respect of time to be devoted to the advertisements. No specific study as such has been done so far but the same will be made if considered necessary.”

Efforts to market time

1.16 As the details of efforts made by Doordarshan to promote and increase the utilisation of time for commercials upto the permissible limit were not intimated to the Audit, the Audit has concluded that “apparently, no significant effort was made by Doordarshan to market more time.”

1.17 In a written note furnished to the Committee the Ministry of I&B have stated that “The gross revenue of Rs. 210.13 crores for 1989-90 is more than twice that of Rs. 98.32 crores in 1986-87 (three years) shows the significant effort to market more time” and added that it is proposed to provide additional staff for sales promotion.

1.18 However, during evidence before the Committee, the Secretary, Ministry of Information and Broadcasting stated *inter alia*:

“You will find that in spite of the fact that the revenue has grown, the utilisation of time is nowhere what we have permitted even today. Further more if you go a little deeper into it you will discover that the bulk of the revenue is coming from Advertising in particular segments of our programming, what is called the peak time segments where the increase in revenue has been much larger owing to increase in rates. Now, the point I am trying to make is that our increase in revenues although due both to increase in the utilisation of time and increase in rates is much more on account of increase in rates than increase in utilisation of time and it is for this reason that I am suggesting that, we perhaps, need to do much more to allot our timing better.”

Sir, in terms of time it is not being sold properly. However, the fact remains that we do need to have a marketing effort.

As far as the marketing effort is concerned, as I said, we have to be in a position to be able to project the commodity to the prospective buyers, identify them, project the commodity and try and convince them of the usefulness of this commodity as a marketing effort, which we are unable to do. At the moment, we do not have an organisation for that purpose. We wish to have this organisation and hopefully in the Eighth Plan, if our plans go through, we might get it. When I was earlier making the statement, I was referring to each segment of the programme. If you recall.....there was a suggestion made.....that the method of looking at the time at present is not correct and we have to look at the segments.”

1.19 As regards evolving of norms, the Secretary explained:

“We are applying ourselves to this thing constantly. The problem is that to do so would be giving up revenue today. Supposing I say that today we will stick to 5% for each programme, or 2% or 3% or 4%, it would mean that I give up advertisements. Today the position is that I am not giving up any advertisement. But ideally, in terms of a public broadcasting system requirement, this is not a correct thing perhaps.”

1.20 In reply to a related query as to whether the Ministry were satisfied with the 2 to 2½ % level of achievement, the Secretary, I&B explained “we should be able to sell more. We shall try to mount up the market if we have the wherewithals with us.”

1.21 In a subsequent written note furnished to the Committee, the Ministry have stated that:

“It is proposed to utilise the services of a specialised professional body to make a study of Commercial service of Doordarshan and advise it as to how best its marketing techniques can be improved.”

1.22 The Committee have been informed that the prime time is an optimum combination of convenience of viewers in terms of time and popularity of a programme. The entertainment based programme are most popular and therefore attracting high viewership. During evidence before the Committee the Secretary, I & B stated *inter alia* that:

“A lot of time has not been sold because there is no demandHowever, there is a constant demand for the prime time i.e. 9.0’ Clock slot. The people come to the Kendra. They come to the Central organisation here in Delhi to book their advertisements and there is a demand for these timings.”

1.23 On the other hand, the developmental programmes lack a similar response from the viewers and are consequently unable to attract commercial advertisements.

1.24 Asked in what way the prime time could be better utilised to earn more revenue, the Ministry of I&B have stated that the prime time could possibly be utilised for the purpose of earning more revenues by increasing the entertainment content of the programme format.

1.25 The Ministry have added that it is not, however, desirable to do so because ‘commercialisation’ of Doordarshan is secondary to its main charter of functions. Its primary objective is to act as a catalyst for promoting social change by dissemination of information and education to its viewers. A careful balance has therefore to be maintained in the programme mix of Doordarshan which prevents full exploitation of available telecast time for earning revenue only.

1.26 The Committee enquired about the quantum of demand for the prime time and the extent of satisfaction enjoyed by the advertising client. The Ministry of I&B have stated that “it is difficult to quantify the demand for advertisement in prime time as it varies from programme to programme depending upon its popularity”. However, a statement as furnished by the Ministry (annexed at Appendix II) indicates the demand for advertisements in respect of some of the prime time slots in the recent past (1.12.90 to 15.12.90) which could not be acceded to.

1.27 The Committee note that according to the Manual of the Doordarshan 10% of the total transmission time was allotted for commercial advertisements. The maximum permissible time was subsequently reduced to 5% by an internal order. The actual utilisation, however, is only 2.5%.

1.28 The 10% limit was fixed only on the basis of an appreciation. It was not based on any statistical consideration or past experience. The decision to devote not more than 5% of the total broadcast time to commercials was taken in early 1986 at the level of the Minister for Information and Broadcasting. This decision reflected the Government's concern to ensure that the role of Doordarshan in aid of socio-developmental process is not eroded by commercial considerations. But even the 5% permissible limit is not being fully utilised and the Ministry are not sure whether the 5% ceiling is ideal or needs to be modified.

1.29 Recently, the Bill for establishment of an autonomous corporation to take over the functions of Doordarshan and Akashvani has been passed and assented to by the President. The Act *inter alia* provides that the Central Government shall have the power to determine the maximum limit of broadcast time in respect of advertisements to ensure that adequate time is made available for the promotion of the basic objectives defined in the Act, for which the Corporation is proposed to be set up. The Committee were informed that "In pursuance of this directive an exercise has already been initiated to determine the most suitable ceiling which needs to be imposed in respect of time to be devoted to the advertisements. No specific study as such has been done so far but the same will be made if considered necessary."

1.30 The Committee are unable to appreciate the fixation of permissible ceiling for advertisements on *ad hoc* basis. It is surprising that the Ministry have not made any specific study till date as to the permissible time ceiling in spite of the fact that commercial advertisements were started on the electronic media as early as 1976. Reducing the ceiling from 10% to 5% in 1986, also appears to be only an *ad hoc* decision. The Committee apprehend that this ad-hocism is likely to continue as even now according to the Ministry a study will be made only "if considered necessary."

1.31 Being a public broadcasting media, while it is essential that the main role of the Doordarshan in aid of the socio-developmental process is not eroded by commercial considerations, it is also necessary that the Doordarshan is able to maximise its revenue earning potential through commercial advertisements. The Committee desire that an indepth study may be made and a workable limit both for prime time and non-prime time segments fixed for the commercial advertisements. Once such a limit is fixed, every effort should be made to achieve that target and to earn more revenue.

1.32 The Committee find that the gross revenue which stood at Rs. 98.32 crores in 1986-87 increased to Rs 210.13 crores in 1989-90. Although the growth in the quantum of revenue earned is significant, the utilisation of time is "nowhere what has been permitted by the Doordarshan", and is just 2.5% as against the present ceiling of 5% re-fixed in 1986, from the earlier ceiling of 10%. As stated before the Committee the growth in revenue has been mainly due to advertising in particular segments of the programme, which is called the "peak time segments". Even in respect of peak time

segments the revenue increase has been more on account of increase in rates rather than increase in utilisation of time. The Ministry have admitted that enough marketing effort has not been made as they do not have any organisation for this purpose. The Committee are informed that the Ministry are likely to have a suitable organisation during the Eighth Plan, and they “propose to utilise the services of a specialised professional body to make a study of the commercial service of Doordarshan and advise them as to how best its marketing techniques can be improved.”

1.33 While time available for advertisements during informative and educational programmes remain mostly unsold, the demand for bookings exceed the advertisement time available for entertainment programmes. The Committee recommend that an indepth study may be made of the demand for time for different segments and for different programmes and suitable measures taken so that even within the permissible ceiling for commercial advertisements, Doordarshan are able to derive the maximum revenue. The Committee desire that, as already proposed by Doordarshan, the study of the commercial service for improving the marketing techniques may be made without any further delay and the results of the study as also the proposed action thereon communicated within a period of six months.

1.34. Keeping in view the popularity of the media and increasing volume of buisness, the Committee are of the firm view that it is necessary for Doordarshan to develop their own marketing organisation with both technical and commercial competence as early as possible.

CHAPTER II

TARIFF STRUCTURE AND AGENCY COMMISSION

Non-revision of Tariff Structure

2.1 The Audit Para reveals that there was no fixed periodicity for review and revision of the advertisement rate structure. The rate cards were revised at intervals ranging from 5 to 43 months. Doordarshan did not revise the rate card at any time between March, 1980 and August, 1983, despite the increase of 76 and 141 per cent in the number of television sets and transmitters between January, 1980 and December, 1982 and February, 1980 and August, 1983, respectively.

2.2 Asked about the reasons for not reviewing the rate structure on a periodical basis, the Ministry have stated that the advertisement tariff structure is determined by a combination of factors, including reach of the service, operational cost and overall condition in the market. A review is carried out as and when there is overall change in the said combination of parameters. It is not, therefore, feasible to prescribe a fixed periodicity for review of the tariff structure.

2.3 So a related query as to why the rates were not reviewed over a period of 2½ years from March, 1980 to August, 1983, the Ministry have explained that the reach of the service is one of the important factors determining the rate structure. During the period in question the growth of Doordarshan's network had remained practically static. The population coverage which was about 25% in early 1980 had increased by about 2% only by the end of August, 1983. In the other hand, however, the number of TV receiving sets had almost doubled during this period. The Ministry have however admitted that "This factor, in retrospect, should, perhaps have been taken into account to determine the need for revising the tariff".

2.4 Dilating on the relationship between the increase in the number of TV sets / transmitters and the rate structure, the Ministry have stated that the extent of viewership, as stated above, is an important factor determining the advertisement tariff. The viewership increased with expansion of the network and purchase of TV receiving sets by the people. There is, therefore, a direct relationship between the advertisement tariff and the extent of viewership. It is, however, to be reckoned with that the overall tariff structure in any case continues to be conditioned by the market forces in operation at a given point of time. The Committee enquired about the "market forces" which govern the overall tariff structure. The Ministry have stated that the trend of bookings for spot buys is mainly

dependent on the extent of viewership of a particular programme and the profile of the viewers. The rate is increased if the bookings received are consistently higher than the time available.

2.5 The Committee also enquired whether any responsibility had been fixed/was proposed to be fixed for non-revision of the rate structure during the afore-mentioned period. In reply the Ministry has explained that "responsibility has not been fixed for non-revision of advertisement tariff during the period in question. It may not be, on the other hand, feasible to do so now at this late stage. Care shall, however, be taken that the number of TV receiving sets is taken into consideration while determining the rate structure".

Fixation of Tariff

2.6 The Committee enquired whether the Doordarshan could fix any tariff for the advertisements because of its monopolistic position. The Ministry of I&B have stated that an advertiser has the option to publicise his goods through different media—T.V., All India Radio, hoardings, cinema slides, video cassettes etc. His choice for a particular medium of publicity depends upon cost effectiveness. It is not, therefore, feasible for Doordarshan to fix any tariff structure in disregard of cost effectiveness, lest the advertiser may discontinue advertisement through T.V.

2.7 In this context on a query from the Committee, regarding the attitude of the bigger companies/multinationals utilising the commercial service, the Ministry stated that the advertising agencies/companies press for advance information regarding revision of the tariff structure for determining their advertisement budget and advertisement policy. As regards variation in tariff structure, the Ministry informed that Doordarshan have a concessional tariff scheme whereby the Central/State Govt. agencies/public sector and joint sector undertakings and small scale units are extended and benefit of 15% discount in the advertisement rate if they book their advertisement directly and not through advertising agencies. In reply to a specific question as to what safeguards had been provided to see that the commercial services are not monopolised only by the bigger units/monopoly houses, the Ministry have stated that it is Doordarshan's policy to give preferential bookings in favour of small scale industries and public undertakings.

Agency Commission

2.8 The Audit Para has brought out that Doordarshan accepted advertisements directly from the advertisers and through agencies. Agencies doing business with Doordarshan were entitled to 15 per cent commission. Where advertisements were accepted directly, no commission

was payable. The table below shows the total revenue from commercials and revenue realised from direct Booking during 1986-87 to 1988-89:

(In lakhs of rupees)

Year	Total revenue receipts	Revenue receipts from direct booking
1986-87	9832	8.96
1987-88	13629	15.30
1988-89	16126	5.17

2.9 Thus, the direct booking which did not involve payment of 15 per cent commission, constitutes less than one per cent of the total business of Doordarshan. During 1987-88 and 1988-89, about 25 and 24 per cent of the total business of Doordarshan were accounted for by three agencies.

2.10 In a note furnished to the Committee, the Ministry of I&B have defined the "Agency System" as an arrangement under which accredited or registered advertising agencies, possessing professional expertise in the field of TV advertising, book, on a financial consideration, advertisement time on Doordarshan on behalf of various clients interested in promotion of the sale of their goods and/or services. This is not, however, a simple mechanical process and merely booking the time, as the advertising agencies also provide professional services to their clients. It has been elaborated that the professional services provided by the advertising agencies to their clients for securing commercial advertisements for Doordarshan include:

- (i) Creative work for preparation/modification/approval of story board and production of advertisements.
- (ii) Media plan in respect of telecast of ads with specific programmes and selection of Kendras including modification of plans if time is not available for certain dates on certain Kendras.
- (iii) Submission of contracts, despatch of ad material to the concerned Kendras; and
- (iv) Monitoring of actual telecast, buying of sponsored programmes.

2.11 The Ministry of I&B have added that the advertising agencies are paid commission at the rate of 15% in accordance with the practice followed by other media in the country. This uniform practice is being followed since inception of Doordarshan commercial service. The commission paid to the advertising agencies till March, 1989 amounted to Rs. 70 crores.

2.12 The Committee enquired about the extent of direct business transacted by Doordarshan. It has been stated that the direct business

represents, on an average, less than 0.1% of the total advertisement revenue earned by the Doordarshan.

2.13 Audit has brought out that although the revenue earned from advertisements and increased from Rs. 2.07 crores to Rs. 161.26 crores between 1977-78 and 1988-89, the rates of agency commission were not reviewed. Besides, the volume of business had also increased and Doordarshan enjoyed a monopolistic position in the country *vis-a-vis* other countries where due to private competition, agencies may have a role to play. The Committee, therefore, enquired about the detailed reasons why the rates of the agency commission were not reviewed. In a note furnished to the Committee, it has been explained that Doordarshan has been paying 15% commission to advertising agencies in accordance with the practice which existed in the advertising field in the country even before the commercial service was introduced on Doordarshan. The advertising agencies provide a useful service to their clients in the matter of formulation of their publicity campaigns and production of advertisements. On the other hand, Doordarshan is benefited by securing advertisement brought to them by the advertising agencies. There is, therefore, a well established nexus between Doordarshan, the advertising agency and the client which works to the advantage of all of them. It is, however, a fact that no specific study has been made so far to determine whether any reduction in the existing rate of commission can be made without adversely affecting Doordarshan's potential to earn commercial revenues. It is proposed that the specialised professional body whose services are intended to be utilised for advising Doordarshan Commercial Service as to how best it can improve its marketing techniques and whether there is a case for doing away with the agency system altogether will also be asked to examine to the extent to which the commission can be reduced without being detrimental to Doordarshan's Commercial interests.

2.14 The Committee find that the rate cards which contain the tariff structure for commercial advertisements on the TV network are not revised at any fixed periodical intervals. In the past, the rate cards have been revised at intervals ranging from 5 to 43 months. The rate cards had not been revised between the period March, 1980 and August, 1983, despite an increase in the number of television sets between January, 1980 and December, 1982 to the tune of 76 and of transmitters between February, 1980 and August, 1983 to the extent of 141%. It has been stated that the tariff structure is determined by a combination of factors, including the reach of the service, operational cost and overall condition in the market and a review is made as and when there is overall change in the said combination of parameters. It is, therefore, not feasible to prescribe a fixed periodicity for the review of the tariff structure. It was however admitted by the Ministry that the large increase in the number of TV sets and

transmitters during 1980 to 1983 should have been taken into account to determine the need to revise the tariff. The Committee are of the firm view that constant monitoring of these factors is a *sine-qua-non* to ensure timely revision of tariff structure and prevention of loss of revenue to the Doordarshan.

2.15 Presently, the tariff for a particular time slot on the T.V. network is uniform for all categories of clients who offer their advertisements on the network. The Committee suggest that in order to encourage the Cottage, Handicrafts and Village Industries keeping in view their financial position a subsidised rate structure may be considered for the owners of these industries.

2.16 The Committee find that since the inception of the scheme till March, 1989, the Government have paid an amount of Rs. 70 crores as commission to the advertising agencies the Doordarshan may be paying even larger sums of money in the coming years on account of agency commission to private agencies. While the Committee appreciate that the agency system has a role to play as the Doordarshan are not in a position to provide the professional services rendered by the advertising agencies, they see no reason why the rate of the agency commission, which was fixed at 15% should continue unchanged. The agency system has different role in other countries where the electronic media is controlled by private agencies and there is competition between the various agencies, but in the Indian conditions, which are entirely different, payment of agency commission at the rate of 15% as prevailing in other countries, does not appear to be justified and needs to be reviewed. The Committee suggest that as a commercial proposition, the substitution of the existing flat rate of commission by a graded structure, wherein the rate of commission is directly related to the volume of business being brought in by the individual agencies might be considered. This will generate healthy competition among the advertising agencies. A discriminatory agency commission may also be explored based on the lean or prime time during which the commercial advertisements are likely to feature. This will help Doordarshan to meet the target of 5% set for commercial advertisements as also enhance generation of revenue.

CHAPTER III

OUTSTANDING DUES

Centralised billing for commercial advertisements

3.1 The Commercial advertisements can be booked either in the office of the Controller of Sales or at the Kendras, but billing and payments are centralised in the office of the Controller. These bills are issued by the Controller on the basis of telecast certificates received from the Kendras.

3.2 The Committee enquired whether the centralised billing system had proved effective in quicker collection of dues or any change was sought to be made in this system. The Ministry of I&B have stated that the major advertising agencies which bring bulk of the advertisement revenue to Doordarshan have their advertisements booked for telecast not only on the national hook-up but also from different Kendras and they find it more convenient to deal under a centralised billing system. The existing system has, therefore, significantly helped Doordarshan in expeditious collection of the dues. On the other hand, the registered agencies which do not enjoy any credit facility are required to make advance payment to the concerned Kendras in respect of bookings made by them. The centralised billing system, therefore, does not adversely affect the collection of dues from such agencies as well. It has been added that Doordarshan do not consider it necessary to make any change in the existing system, as it has been working satisfactorily.

Recovery of outstanding dues

3.3 The Audit Para has brought out that according to the terms and conditions of the contracts with the agencies, the Doordarshan is required to submit monthly bills and advertisers are required to pay all the bills very promptly. In the case of accredited agencies, the payment is to be made within 45 days from the first of the month following the date of the telecast, while in the case of the non-accredited agencies, payment is required to be made not later than 15 days before the telecast. The agencies are responsible for payment of advertisement and related bills severally as well as jointly with the advertisers.

3.4 The Audit Para has also brought out that up to January, 1989 an amount of Rs. 486.02 lakhs was due from 142 agencies, on account of the telecast charges and interest thereon.

A statement indicating the amount due as given by the Ministry is reproduced at Appendix III.

3.5 In a note furnished to the Committee, the Ministry of I&B have stated that as per the report of the C&AG, an amount of Rs. 486.02 lakhs was due from 142 agencies as on 1 January, 1989. Out of this amount, the outstanding payment as on 5 January, 1991 has come down to Rs. 2,52,15,844 from 115 agencies (i.e. reduction of Rs. 2.34 crores). Comparative details are at Appendix IV. Similarly the outstanding payments due from accredited agencies have come down from Rs. 336.06 lakhs from 84 agencies to Rs. 91,79,620 from 54 agencies. At Appendix V is the statement showing the latest position in respect of accredited agencies. The outstanding payments from 10 de-accredited agencies is at Appendix VI.

3.6 From the information furnished by the Ministry of I&B the Committee have found that even though Doordarshan enjoys a monopolistic position, large sums of money are due from some of the advertising agencies. The Committee, therefore, asked for detailed information in respect of some cases where amounts beyond Rs. 10 lakhs were outstanding for example, Lintas: Rs 20,87,057 Clarion: Rs. 17,90,934 Audio: Rs. 15,49,955, Advis: Rs. 15,79,345 Market Mover: Rs. 12,17,540 DAVP: Rs. 12,66,181 etc.

3.7 The Ministry of I&B have explained the position as follows:

"Lintas and Clarion

These are existing accredited agencies. The outstanding payments mainly pertain to disputed bills. The outstanding dues can be subdivided into the following broad categories:

- (i) Telecast of ads which were got cancelled by the agencies well in advance.
- (ii) Telecast of ads by the transmitting Kendras which were not in accordance with the contracts.
- (iii) Improper / defective telecast of ads either on the network or on certain Kendras.

The booking periods up to November, 1988 and December, 1988 for Clarion and Lintas respectively.

Audio Advertising Agency

The outstanding amount is in respect of one advertiser i.e., R.K.B. Herbal who has defaulted in payments. The client has not made payments. The agency has been deaccredited. The agency has already initiated legal action against the client for recovery. The ads of this client are not being accepted / allowed for telecast since 17.10.1988. It has now been learnt that the client has official dealings with Ministry of Health

and payments are made by the Ministry to the client. The Health Ministry has been approached to recover the amount due to Doordarshan.

Advis: (Bookings up to January, 1989)

Associated: (Bookings upto October, 1987)

Advertising

Market Movers: (Bookings upto January 1989)

These three agencies are no longer in business and have been de-accredited. Legal action is contemplated.

DAVP: This is an attached office of the Ministry. Some payments for the period August, 1979 to August, 1988 have not been received."

3.8 The Committee enquired how the disputed bills were sought to be settled. The Ministry of I&B have stated that the systems and procedures existing in the commercial service of Doordarshan need to be looked into in detail and areas of weakness removed by delegating powers at appropriate levels with due accountability before a substantial number of disputed bills could be settled. The dispute in a number of cases has arisen because of the reason that a particular advertisement was telecast without a contract or it was telecast in a time category not contracted or advertisement was telecast in spite of the advance notice for cancellation. It is possible that in such cases the liability may not rest with the advertiser. At the same time, it cannot be ignored that transmission time was utilised for telecast of such advertisements and the advertisers derived an unintended benefit. It is, therefore, considered imperative to go into details of the disputed bills and remove the deficiencies in the existing systems and procedures before these are settled or the claims are written off.

3.9 The Committee enquired whether any legal proceedings had been initiated to recover the outstanding amounts. The Ministry of I&B have stated that legal proceedings have not been initiated in any case till date to recover the outstanding amounts.

3.10 The Audit Para has also brought out that if an accredited agency fails to make payment of monthly bills on more than 3 occasions in a year or within 45 days after the accredited period, it would automatically lose its accreditation; and there were 24 agencies which had failed to make timely payments of monthly bills on more than three occasions during 1988-89. The Ministry informed the Audit in November, 1989 that the deaccreditation normally breaks the link with the agency and the chances of recovering the outstanding dues become bleak. It added that if the rule of deaccreditation on the basis of delayed payments on three occasions was strictly followed, almost all the accredited agencies might lose their accreditation status within one year. In a detailed note the Ministry of I&B

have stated that the following examples will justify that the deaccreditation of advertising agencies on the basis of outstanding dues on account of disputed bills would have been counter-productive:-

(a) Outstanding payments exceeding 10 lakhs — Three Organisations

The gross business placed by these 3 agencies was:

	1987-88	1988-89
	(in crores)	(in crores)
i) Lintas India Ltd.	Rs. 17.26	Rs. 19.43
ii) D.B.M.	Rs. 10.48	Rs. 13.27
iii) Clarion	Rs. 7.41	Rs. 6.85

This shows that the business placed by these 3 agencies was Rs. 35.15 crores in 1987-88 and Rs. 39.55 crores in 1988-89. In other words, about 25 per cent of the gross business of Doordarshan for these two years was received through these 3 agencies.

(b) Between 5 lakhs & 10 lakhs : Nil

(c) Between 4 lakhs & 5 lakhs : One

Hindustan Thompson Associates (HTA) has placed a gross business of Rs. 7.97 crores in 1987-88 and Rs. 13.97 crores in 1988-89. The business placed comes to more than 6 per cent and 9 per cent respectively.

(d) Between 3 lakhs & 4 lakhs : Two

(e) Between 2 lakhs & 3 lakhs : Two

(f) Between 1 lakhs & 2 lakhs : Four

(g) Less than one lakh : Four

(Less than the bank guarantee)

The business placed by some of other agencies included in the list prepared by Audit is an under:

	1987-88	1988-89
	(in crores)	(in crores)
(i) Everest	Rs. 6.64	Rs. 7.87
(ii) Contract Advertising	Rs. 3.65	Rs. 4.31
(iii) R.K. Swamy	Rs. 2.76	Rs. 3.68
(iv) Chaitra	Rs. 2.74	Rs. 3.65

From this it would become clear that grant of re-accreditation status to these 16 agencies was in the interest of the Service. About forty-four per cent of business received by Doordarshan during 1987-88 and 1988-89 was through these eight agencies. Even their payment behaviour for the last eighteen months justified the decision.

It is true that in addition to outstanding amount of Rs. 54.57 lakhs, a further sum of Rs. 56.17 lakhs, was due from these 16 agencies

upto billings of January 1989 (for 1987-88 and April to January 1989). The additional outstanding dues have to be viewed in the light of the fact that during the same period the gross business placed by these agencies was about 140 crores the additional outstanding dues being less than even 0.5 per cent. It may also be added that the yearly volume discount due to some clients for bookings up to October 1986 has been with-held till the final decision on disputed bills is taken.

The main objective of Doordarshan Commercial Service is to generate maximum revenue with minimum risk. De-accreditation of any agency normally breaks the link of the agency with Commercial service and the chances of recovery of the outstanding payments became more bleak. Continuation of accreditation usually results in the receipt of the monthly payments along with part of the outstanding amount. Chances of recovery of dues with this procedure are better. In addition, the Government gets the interest @ 18 per cent per annum on the delayed payments.

During the 1988-89, 1989-90, reminders both postal and telegraphic were issued to a number of agencies informing them that if the payment is not received by a particular date, the accreditation status will be withdrawn. Such notices did result in getting part of the outstanding payments. This procedure is being followed and is considered reasonably effective.

The main criterion is the payment behaviour and not the amount of outstanding dues. A comparison of the outstanding payments as on 1st May 1989 and 30th September 1990, clearly proves the point that the outstanding payments in respect of existing agencies have come down by about 1.60 crores, which clearly proves that the decision not to de-accredite the agencies was in the interest of the service.

It is, therefore, felt that power of de-accreditation should be used in exceptional cases when other steps have completely failed.”

Committee on outstanding bills

3.11 The Audit para has pointed out that in April 1989 Doordarshan decided to constitute an internal team to collect and compile the necessary information in respect of each disputed bill which would be analysed year-wise and agency-wise. It was also decided that an “empowered Committee” would be set up to decide action on each case. The Controller of Sales was directed to make every effort for collection of outstanding dues from the existing accredited agencies, especially for the period 1987—89. However, the internal team had not started functioning upto November, 1989.

3.12 The Committee enquired whether the said internal team had since been constituted and what were the results of the efforts in this direction. The Ministry have stated that “the internal team which was proposed to

collect information in respect of each disputed bill has not so far been constituted. It may, however, be mentioned that the outstanding sum which amounted to Rs 4.86 crores as on October, 1989 has already been brought down to Rs 2.86 crores. Efforts to recover the remaining sums are continuing.

Non-maintenance of certain records

3.13 The Audit para has brought out that Doordarshan was not maintaining the "agents ledger". The receipts were watched through the bill register only. Consequently neither the total business received from each agent/canvasser was ascertainable nor the confirmation of outstanding balances by the agencies could be obtained. Besides, no record was maintained to show the outstandings from month to month. The outstanding bill register did not indicate the period from which the bills were outstanding.

3.14 In a note furnished to the Committee the Ministry of I&B have admitted that it is true that Doordarshan Manual provides that an agents' ledger shall be maintained by the Doordarshan. It has, however, not been possible to do so because of shortage of staff, a constraint which has been further aggravated, with increased volume of work on account of opening of new commercial centres. It has been added that non-maintenance of agents ledger has not adversely affected the monitoring of the performance of the individual agents. The purpose for which these ledgers are required to be maintained is to help ascertain total business given over a period of time to each agency and the payments made by them. The outstanding payment bill registers maintained by Doordarshan serve this purpose equally well.

3.15 In regard to the inadequacy of the bill register the Ministry of I&B have stated that the outstanding bill registers maintained by Doordarshan Commercial Service indicate the details of outstanding payments-agency-wise, bill-wise and Kendra-wise. Besides, Doordarshan has been maintaining since Feb. 1989 a statement of outstanding payment in respect of billings raised in each month. The advertising agencies which default in making the payments are regularly reminded on the basis of these records. It may further be pointed out that the major part of the payments not realised pertain to disputed bills. It is also significant to note that the unrealised amount represents less than 1% of the revenue earned by the Commercial Service of Doordarshan over a period of 13 years since Jan. 1976.

3.16 The Committee enquired about the details regarding the number of bills raised during the month, the monitoring system developed to keep track of the actual payment of bills and the efforts being made to realise

dues above Rs. 10,000/- beyond 15 days of the payment schedule. In a note furnished to the Committee it has been explained that:

“The number of bills issued per month is at present of the order of 3,000. The break-up is:—

- i) 2000 bills for telecasts of the previous month;
- ii) 2000 interest bills;
- iii) 700 duplicate/supplementary/revised bills for the previous period and;
- iv) 75 package bills.

Schedules indicating the total billings kendra-wise and agency-wise are prepared. Receipt of payments, vis-a-vis monthly agency-wise billings give the information about the outstanding dues at a given point of time.

Although payments are received on all working days, the bulk of the payment is received on or about the crucial date i.e. 15th of the month. The value of individual Bank Drafts/Cheques received every month ranges from Rs. 5,000.00 to more than Rs. 1.00 crore. In addition, advance payments from registered agencies are also received through Kendras.

The advertising agencies are reminded over telephone as per the following schedule:—

- i) Within 5 days in respect of outstanding exceeding Rs. 10.00 lakhs;
- ii) Within 10 days for outstandings exceeding Rs. 5.00 lakhs; and
- iii) Within 15 days for outstandings exceeding Rs. 1.00 lakh.

After manual linking of the payments the detailed statements of outstanding payments in respect of accredited agencies, Central/State Government departments, Public Sector Undertakings are prepared and formal reminders issued.

Special efforts are made in respect of outstanding payments exceeding Rs. 1.00 lakh. The priorities are always fixed on the basis of the amounts involved. The outstanding payments amounting to Rs. 10,000/- or near about are basically because of delay in revision of bills due to non-telecast of a package on a particular date at a Kendra. It may be mentioned that power or technical failure at one transmitter or delayed linking leads to a disputed bill and delayed payment. The revised bill can only be prepared after getting factual information from all the Commercial Kendras.

Interest @ 18 per cent per annum is levied on monthly basis in respect of all delayed payments.”

Computerisation of Bills

3.17 The Ministry of Information & Broadcasting have informed the Committee that issue of bills of commercial advertisements on Television has been Computerised w.e.f. 1.4.1989. It is essentially based on daily telecast certificates received for various Commercial Kendras including National Network.

3.18 Telecast certificates are normally received by 10th of the following month. Telecast certificates for National Network are being collected personally by 2nd or 3rd of the following month.

3.19 Computerised bills indicate the name of the agency, the name of the client, details of product, date of telecast, name of programme, duration of ad, rate, gross amount and net amount payable. The bills are prepared Kendra-wise.

3.20 The linking of payment is done manually. The next two stages of Computerisation would cover linking of payments and scheduling of advertisements for National Network and Kendras booked at Delhi.

3.21 As regards modifications, if any, required in the billing system to reduce delays and ensure quicker collection of revenue, the Ministry of I&B have stated that the billing procedure can significantly improve when the computer system at Delhi is linked with all other commercial kendras. This will enable immediate access to telecast information so that the present delay in receiving telecast certificates is avoided.

3.22 The Committee find that as on 1st January, 1989 an amount of Rs. 486.02 lakhs was due from 142 advertising agencies. It has come down to Rs. 2,52,15,844 from 115 agencies as on 5.1.91. Similarly, the outstanding payments due from 84 accredited agencies have come down from Rs. 336.06 lakhs to Rs. 91,79,620 during the same period. The Committee are surprised to find that in a number of cases the amounts outstanding exceeded even Rs. 10 lakhs. The Ministry of I&B have stated that in order to settle a substantial number of bills the "Systems and procedures existing in the commercial service need to be looked into in detail and areas of weakness have to be removed by delegating powers at appropriate levels with due accountability." The Committee view with concern the large amounts due from the various agencies. They are distressed to note that even the agents ledgers are not maintained. Concerted efforts need to be made to reduce the outstanding dues. The existing systems and procedures for billing in the commercial services may, therefore, be studied in depth and revised guidelines formulated soon. The question of making it obligatory on the part of the advertising agencies to make advance payment in respect of advertisements be also considered to avoid accumulation of arrears. A small group may be constituted by the Ministry to examine, monitor and recover the arrears and compliance reported within a period of six months.

3.23 The Committee further note that in April, 1989, Doordarshan had decided to constitute an internal team to collect and compile information in respect of each disputed bill and to analyse them year-wise and agency-wise. It was also decided to set up an 'empowered Committee' to take final decision on each case. However, the internal team as well as the empowered Committee are yet to be constituted. The Committee regret to note that the Doordarshan have not taken the problem of recovery of outstanding dues with the seriousness it deserved. They would like to be apprised of the reasons for the slackness on the part of the Doordarshan to implement their own decisions regarding setting up of the internal team and the empowered Committee.

3.24 The Committee note that the issue of bills of commercial advertisements on television has been computerised with effect from 1st April, 1989. It is based on daily telecast certificates received for various commercial Kendras including National Network. However, the linking of payment is done manually and the next two stages of computerisation would cover linking of payments and scheduling of advertisements for National Network and Kendras booked at Delhi. The Committee desire that the billing procedure may be improved by linking the computer system at Delhi with all the other commercial Kendras as early as possible. This will enable the Doordarshan to have an immediate access to the telecast information and the delay in receiving the telecast certificate can be avoided. Consequently, bills can be raised within the prescribed time schedule which will pave the way for reducing the number and amount of the disputed bills.

CHAPTER IV
CODE FOR COMMERCIAL BROADCASTING AND
ORGANISATIONAL SET UP

Guidelines

4.1 The Ministry of I&B have stated that at the time the Government decided to introduce the 'Commercial advertisements' on the electronic media it was considered imperative that special attention would have to be paid to the kind of advertisements that could be permitted. A set of guidelines was subsequently laid down in the form of 'Code for Commercial Broadcasting' for achieving the purpose.

4.2 The broad features of the "Code for Commercial Advertising on Doordarshan" as given by the Ministry are re-produced at *Appendix VII*.

4.3 Asked whether the aforesaid guidelines have helped in achieving the major objectives of the scheme, the Ministry of I&B have stated that the guidelines/directives laid down in the 'Code for Commercial Broadcasting' have been of help in ensuring that while the electronic media earn the much needed revenue for their development and expansion it does not detract them from playing their designated role of a socially responsible broadcasting organisation. The Committee enquired, being a Government controlled media, how far the major social objectives had been kept in view by the commercial service. The Ministry have stated that the guidelines laid down in the matter of acceptance of commercial advertisements fully keep in view the social responsibility of Doordarshan. It has been ensured that the advertisements conform to the laws of the country and do not offend morality, decency and religious susceptibilities of the people. The advertisements relating to cigarettes and tobacco products, liquor, wines and other intoxicants are not allowed. Advertisements are not accepted if they are misleading in nature or do not promote healthy competition between different products.

4.4 The Committee enquired to what extent the social responsibility of the commercial service detracted it from adopting the normal commercial practices. The Ministry of I&B have stated that as the advertising on Doordarshan has to be within the accepted social norms, it is only natural that the prohibition mentioned above detracts from its potential to earn more revenues.

4.5 The Committee enquired as to how it was ensured that the advertisements being screened on the network conform to the laws of the country and do not offend morality, decency and religious susceptibilities of the people. The Ministry of I&B have stated that each proposal for

4.15 Asked what efforts had been made to create these facilities, the Ministry have explained that the following steps were taken during the preceding five years to strengthen Doordarshan commercial service:—

- (i) The computerisation of billing of advertisement has been introduced;
- (ii) The staff strength at the Headquarters of Doordarshan has been augmented with a view to catering to the “Commercial” area of its activity; and
- (iii) The Office of the Controller of Sales at Delhi has also been strengthened by creation of additional posts.

4.16 In response to a query from the Committee regarding the perspective plan of the Ministry for improving the functioning of the organisation it has been stated that expansion of the computerisation facility to provide for linking of payments and scheduling of advertisements and other operations in a phased manner is being envisaged. There is also a need to streamline and strengthen the marketing facility in Doordarshan commercial service.

4.17 One of the duties of the Controller of Sales is stated to be “approval of story boards/scripts and advertisements (English & Hindi)” etc. The Committee enquired whether the Controller of Sales, as a Government Officer/agent can discharge the social responsibility of Doordarshan in regard to advertisements. The Ministry have stated that “Code for commercial advertising on Doordarshan” ensures that no undesirable advertisement is accepted for telecast. The officers of Doordarshan commercial service possess the necessary expertise to evaluate the suitability of an advertisement in terms of this code. The Committee also enquired whether there was need to have a representative collective body/agency from whom the Controller of Sales should get guidance/directions. The Ministry have stated that the association of outsiders with evaluation of suitability of advertisement is neither practicable nor necessary. This is especially so in view of the fact that the volume of work is such as has to be attended on day-to-day basis.

4.18 The Committee note that each proposal for telecast of commercial advertisements is scrutinised, to ensure that it does not, in any manner, violate any of the provisions laid down in the “Code of Commercial Advertising on Doordarshan.” The Ministry of I&B have stated that the officers of Doordarshan possess the necessary expertise to evaluate the suitability of advertisements in terms of the “Code” and “it is neither practicable nor necessary to associate outsiders with the evaluation or suitability of an advertisement.” The Committee are not inclined to accept this view. They recommend that a suitable representative apex body may be constituted to provide the necessary expertise guidance and direction to the Controller of Sales to evaluate the suitability or otherwise of an advertise-

ment in terms of the "Code." This apex body may include, among others, representatives of artistes, social scientists and other concerned interests. There should be a constant liaison between the officers and the apex body to ensure that the advertisements fall strictly within the parameters of the "Code."

4.19 The Committee also recommend that the "Code" may be reviewed at regular intervals, preferably every five years, and be modified in the light of the experience in administering the "Code."

NEW DELHI;
9 December, 1991
18 Agrahayana, 1913(s.)

ATAL BIHARI VAJPAYEE,
Chairman,
Public Accounts Committee

APPENDIX I

Audit Paragraph

[Report No. 1 of 1990 of the C&AG of India for the year ended 31 March, 1989, Union Govt. (Civil)]

(Vide Para 1.1 of the Report)

12. Doordarshan commercial service

12.1 Introduction

Commercial advertisements were introduced on television in Delhi from first January 1976 on lines similar to those followed for commercial broadcasting on All India Radio. Initially, only static captions were allowed on television for advertisements but since this met with limited success, it was decided after six months to abandon it and commence spot advertisements on television. Commercial service has since then been extended to other regional centres, viz., Ahmedabad, Bangalore, Bombay Calcutta, Hyderabad, Jullunder, Lucknow, Madras, Srinagar and Trivandrum as well as on second channel in the four metro cities.

The primary objective of commercial advertisements is to tell viewers about the availability and usefulness of such products as are of use to people living in urban and rural areas.

12.2 Scope of Audit

A test-check of the records of the Controller of sales was done by Audit from April 1989 to July 1989.

12.3 Organisational setup

The Controller of sales is the head of the Doordarshan commercial service under the Director General, Doordarshan. The Controller is responsible for direction and supervision of planning and scheduling of advertisements, acceptance of contracts, and approval of materials and script. Commercial advertisements can be booked either in the office of the Controller or at the Kendras but billing and payments are centralised in the office of the Controller. Bills are issued by the Controller on the basis of telecast certificates received from the Kendras.

12.4 Highlights

—Doordarshan had not maintained the prescribed records of time demanded, time available and sold and advertisers waiting for time. The time allotted for commercials viz. 10 per cent, as per the Doordarshan Manual was stated to have been reduced to five per cent by an internal order against which the actual utilisation was about two and a half per

cent. Apparently, Doordarshan had not made significant efforts to market more time.

—The rate cards were revised at intervals ranging from 5 to 43 months. There was no fixed periodicity for review and revision of rate structure. Doordarshan did not revise the rate card at any time between March 1980 and August 1983 despite the increase of 76 and 141 per cent in the number of television sets and transmitters between January 1980 and December 1982 and February 1980 and August 1983 respectively.

—Sixteen agencies were granted accreditation even though Rs. 54.57 lakhs were due from them upto March 1987. These agencies had defaulted in payment of further amount of Rs. 56.17 lakhs for bills raised upto January 1989 outstanding upto September 1989.

—Direct business with advertisers constituted less than one per cent of the total business of Doordarshan. Agencies doing business with Doordarshan were entitled to agency commission of 15 per cent from 1st January 1976. Even though the revenue earned from advertisements had increased from Rs. 2.07 crores to Rs. 161.26 crores between 1977-78 and 1988-89, the rates of agency commission were not reviewed.

—Doordarshan did not maintain the prescribed agents' ledger. Consequently, there was no system to watch the performance of agents and also to obtain information of amounts due from them.

—Rupees 486.02 lakhs were due from 142 agencies upto January 1989 on account of telecast charges and interest thereon. The bills for telecast were raised after delay of more than 90 days. Bills for interest amounting to Rs. 61.16 lakhs were not raised for delayed payments. Although non-accredited agencies were required to make advance payments, Rs. 0.28 lakh were due from non-accredited agencies in four cases.

—Improper reduction in prescribed rates resulted in loss of Rs. 4.50 lakhs to Doordarshan. Improper categorisation of telecasts resulted in loss of Rs. 3 lakhs. Improper telecasts resulted in further loss of Rs. 6.35 lakhs.

—Doordarshan suffered loss of time worth Rs. 4.80 lakhs due to make good spots and Rs. 2.82 lakhs for telecasting advertisements for which the parties had not contracted. Doordarshan had no system of keeping record of cases charged at reduced rates, or cases in which make good time was allotted to the parties.

—In one case, extra time resulting in benefit of Rs. 1.46 lakhs was granted to an agency; in two cases, there was under billing of Rs. 1.20 lakhs. An amount of Rs. 1.36 lakhs awarded in an arbitration case had not been recovered even after 23 months of the award.

12.5 *Revenue receipts* —The budget estimates, revised estimates, and the actual receipts of Doordarshan commercial service during 1984-85 to 1988-89 were as under:

(In crores of rupees)

1984-85	Information not available		31.43
1985-86	—do—		60.20
1986-87	60.00	90.00	98.32
1987-88	100.00	138.00	136.29
1988-89	142.00	146.00	161.26

The utilisation of the amounts received through commercial service is channelised by creation of a "non-lapsable" fund administered by the Ministry of Information and Broadcasting. The amount received from commercial service is credited to the non-lapsable fund after deducting total expenditure on Doordarshan commercial service. This expenditure includes the commissions paid on commercials and five per cent of the expenditure on Programme service. The amounts received through commercial service of All India Radio are also to be credited to this fund.

Expenditure out of non-lapsable fund was to be incurred with the approval of a committee constituted for the purpose. According to the rules for utilisation of revenues of commercial services of Akashvani and Doordarshan framed by the Ministry, in February 1977, and July 1981 the non-lapsable fund was to be utilised for recurring and non recurring expenditure primarily on improvement of software and hardware facilities, experimentation in new fields of development and electronics and programming in Akashvani and Doordarshan, implementing schemes which would increase the commercial revenues, payment of financial assistance to artists, etc.

A sum of Rs. 445.59 crores was deposited in the 'non-lapsable fund' by Doordarshan during 1976-77 to 1988-89. Against this a sum of Rs. 298.10 crores (Revenue expenditure: Rs. 95.33 crores; Capital expenditure: Rs. 202.77 crores) was utilised from the fund till 1988-89.

12.6 *Utilisation of time*.— According to the Doordarshan Manual, ten per cent of the total transmission time was allotted for commercials. Doordarshan was required to maintain registers and statements showing time demanded, time available and sold and advertisers waiting for time. These registers/statements, which were essential had not been maintained. Information regarding total time available and time sold for commercials called for by Audit, in April 1989, was not made available by Doordarshan. Doordarshan stated, in May 1989, that no record was available of unsold time. In the absence of relevant information/records, it was not possible to ascertain the utilisation of time *vis-a-vis* time available for telecast.

The Ministry stated, in November 1989, that maximum permissible time allotted for commercials was, subsequently, reduced to five per cent by an internal order against which the actual utilisation was about two and a half per cent. Ministry also stated that relevant registers were not being maintained due to shortage of staff. Efforts made by Doordarshan to promote and increase the utilisation of time for commercials upto the permissible limit were not, however, intimated. Apparently, no significant effort was made by Doordarshan to market more time.

12.7 Rate structure— A rate structure had been prescribed in the Doordarshan Manual for commercial advertisements. The powers to rationalise the commercial service rates including increase and decrease in rates vested in the Director General. These were to be exercised in consultation with the Internal Financial Adviser up to September 1988, and from October 1988 in consultation with the Financial Adviser of the Ministry. The rates were revised from time to time keeping in view the factors like population, number of television sets and viewership of programmes. The addition of more Doordarshan Kendras and transmitters was also taken into account.

As per rate cards furnished to Audit the rate structure was revised as mentioned below:

Revision made in	Period after which revised
February 1980	—
September 1983	43 months
November 1984	14 months
November 1985	12 months
March 1987	16 months
February 1988	11 months
August 1988	6 months
January 1989	5 months

There was no fixed periodicity for review and revision of rate structure.

The Ministry stated, in November 1989, that since 1984, the rate structure was continuously under review and the demand for advertisement time was constantly watched and revisions made after internal assessment. According to the Ministry, there was not much point in revising the rate structure earlier as the number of television sets and transmitters was growing very slowly and demand for advertisement time was also not such that a revision was called for. It was, however, observed in Audit that the number of television sets increased by 76 per cent from 11.91 lakhs to 21 lakhs between January 1980 and December 1982 and the number of transmitters increased by 141 per cent from 17 to 41 between February 1980 and August 1983. However, no review/revision

of rate structure was carried out between February 1980 and September 1983.

12.8 Appointment of agencies.—Prior to 1st January 1988, the status of agencies was being determined by the Central Sales Unit, Bombay both in the case All India Radio and Doordarshan. Doordarshan was completely delinked from All India Radio from January 1988. New rules of registration and accreditation of advertising agencies on Doordarshan came into force from 1st January 1988. Existing agencies were required to apply afresh, and only such agencies were considered for accreditation which had satisfied the prescribed criteria relating to paid-up capital, volume of business, production of tax clearance certificate, etc. However, past performance of the agencies in making payments was not taken into consideration. Test check of records showed that 16 agencies against which Rs. 54.57 lakhs were outstanding up to March 1987, were granted accreditation from January 1988. In respect of two of these agencies, the outstanding dues exceeded Rs.10 lakhs in each case. A further sum of Rs. 56.17 lakhs was due from these 16 agencies for bills raised up to January 1989 and outstanding upto September 1989. According to Doordarshan, the outstanding amounts mainly pertained to disputed bills for which action was being taken separately.

The Ministry stated, in November 1989, that the outstanding amounts constituted only a small percentage of total business secured through these agencies and that the decision to deaccredit these agencies on the basis of outstanding dues mainly on account of disputed bills would have been counter productive.

12.9 Agency commission.— Doordarshan accepted advertisements directly from the advertisers and through agencies. Agencies doing business with Doordarshan were entitled to 15 per cent commission. Where advertisements were accepted directly, no commission was payable. The table below shows the total revenue from commercials and revenue realised from direct booking during 1986-87 to 1988-89:—

(In lakhs of rupees)

Year	Total revenue receipts	Revenue receipts from direct booking
1986-87	9832	8.96
1987-88	13629	15.30
1988-89	16126	5.17

Thus, direct booking which did not involve payment of 15 per cent commission, constituted less than one per cent of the total business of Doordarshan. During 1987-88 and 1988-89, about 25 and 24 per cent of the total business of Doordarshan were accounted for by three agencies.

The rate of commission was fixed when commercials were first introduced over AIR, in November 1967 and adopted by Doordarshan on introduction of commercials from January 1976. Even though the revenue earned from the advertisements telecast had increased from Rs. 2.07 crores in 1977-78 to Rs. 161.26 crores in 1988-89 and the amount of commission had increased from Rs. 4.84 crores in 1984-85 to Rs. 24.19 crores in 1988-89, the rates of agency commission had not been reviewed.

The Ministry stated, in November 1989, that the agency commission was paid in accordance with international norm and this practice was followed by media all over the world. It also added that at no stage, necessity was felt to review the rate of commission.

12.10 Agents' ledger.— According to the Doordarshan Manual, agents' ledger was required to be maintained by Doordarshan. The purpose of the ledger was to ascertain the total business given by each agent/canvasser during the course of the year from all the kendras. The bill register maintained by Doordarshan was intended to indicate the total amount billed in respect of each agent and these totals were carried over to the ledger. As and when the payments were received, necessary entries were made in this ledger by giving reference to cash book folio. At the end of each financial year and at regular intervals, the amounts due to or from the agencies were required to be confirmed.

Doordarshan was not maintaining 'agents ledger'. Receipts were watched through bill register only. Consequently, neither was the total business received from each agent/canvasser ascertainable nor could the confirmation of outstanding balances by the agencies be obtained.

The Ministry stated, in November 1989, that due to shortage of staff, it was found difficult to maintain the agents' ledger and that computerisation of the work of commercial wing had been undertaken which would fulfil this requirement.

12.11 Outstanding dues.— According to the terms and conditions of contracts with agencies, Doordarshan would submit monthly bills and the advertisers were required to pay all the bills promptly. In the case of accredited agencies, the payment was to be made within 45 days from the first of the month following the date of telecast while in the case of non-accredited agencies, payment was required to be made not later than 15 days before the telecast. The agencies were responsible for payment of advertisement and related bills severally as well as jointly with the advertisers. Further, if an accredited agency failed to make payment of monthly bills on more than three occasions in a year or within 45 days after the prescribed credit period, it would automatically lose its accreditation.

No record was maintained by Doordarshan to show the outstandings from month to month. The outstanding bill register did not indicate the

period from which the bills were outstanding. On an enquiry by Audit, Doordarshan intimated, in June 1989, that bills amounting to Rs. 444.93 lakhs and interest amounting to Rs. 41.09 lakhs were outstanding as on 1st May 1989 from 142 agencies for telecast charges up to January 1989. The break-up of the outstanding amount and interest was as under:—

	Number of agencies	Amount	Amount of interest due
		(Rupees in lakhs)	
Agencies in existence	84	303.76	32.30
Agencies against which arbitration cases were initiated.	4	7.28	—
Agencies no longer doing business with Doordarshan	32	86.99	6.93
Government departments and undertakings	22	46.90	0.68
Agencies against which only interest was due	—	—	1.18
Total	142	444.93	41.09

According to an analysis prepared by Doordarshan in March 1989, in addition to delayed payments from the existing accredited agencies, the outstanding dues were also on account of the following factors:—

- (i) telecast of advertisements which were got cancelled by agencies well in advance;
- (ii) telecast of advertisements on National network and regional kendras because of incorrect advice by Doordarshan commercial service;
- (iii) telecast of advertisements by transmitting kendras which were not in accordance with the contracts received / advices sent.

All these fell in the category where the advertisements were telecast because of oversight / fault of Doordarshan staff.

In April 1989, Doordarshan decided to constitute an internal team to collect and compile the necessary information in respect of each disputed bill which would be analysed year-wise and agency-wise. It was also decided that an "empowered committee" would be set up to decide final action on each case. The Controller of sales was directed to make every effort for collection of outstanding dues from the existing accredited agencies especially for the period 1987—89. However, the internal team had not started functioning so far (November 1989). Doordarshan stated, in October 1989, that the outstanding dues at the end of September 1989, for

bills raised upto January 1989 had been reduced to Rs. 318.24 lakhs and interest to Rs. 35.24 lakhs. Out of this, Rs. 96.99 lakhs was due from agencies no longer doing business with Doordarshan.

A review of bill register for 1988-89 revealed as follows:—

(i) Contrary to the provisions of Doordarshan Manual, the bills were not raised by the 10th of the month following the month of telecast in 239 cases, the extent of delays ranged upto 30 days (188 cases); 31 to 60 days (32 cases), 61 to 90 days (13 cases) and more than 90 days (6 cases).

The Ministry stated in, November 1989, that the bills were issued latest by 20th of the following month and that in certain cases, the bills got delayed because of non-receipt of telecast certificates for a particular date from a particular kendra. Ministry attributed the delays of 30 to 90 days to issue of revised / supplementary bills because of receipt of telecast certificates from the kendras after issue of bills, non-telecast or improper telecast of advertisements, delayed or non-linking of a particular Kendra to the national network, power failures, typographical mistakes in telecast certificates, etc. The Ministry also stated that these factors were beyond the control of Doordarshan commercial service.

(ii) According to the terms and conditions of contracts with the agencies, Doordarshan was entitled to charge interest at the rate of 18 per cent per annum on all amounts due to it which were not paid within the stipulated period. The interest was to be charged from the date following the due date of payment and computed on monthly basis. In 3303 cases, the payment of bills was delayed but interest bills amounting to Rs. 61.16 lakhs were not raised. This constituted extra-contractual benefit to these agencies. The reasons for not recovering interest on delayed payment of bills as per terms and conditions of contracts with the agencies were not on record.

The Ministry stated, in November 1989, that interest had been levied in all cases except those covered by grace period. It further stated that the policy of providing the grace period had not been intimated to any agency in writing. The reply of the Ministry was not tenable as there was no provision to grant grace period.

(iii) As per terms and conditions of contracts, where the advertiser operates through a non-accredited agency, the bills are to be issued to the agency concerned and the payment made of all the bills promptly on receipt of the bills and in any case, not later than fifteen days before the telecast is due to commence. During audit scrutiny of the bill register for 1988-89, it was observed that Rs. 0.28 lakh had not been recovered in four cases even upto October 1989. The reasons for not recovering the amount in advance were not on record.

(iv) There were 24 agencies which had failed to make timely payment of monthly bills on more than three occasions during 1988-89.

The Ministry stated, in November 1989, that the deaccreditation normally breaks the link with the agency and the chances of recovering the outstanding dues become bleak. It added that if the rule of deaccreditation on the basis of delayed payments on three occasions was strictly followed, almost all the accredited agencies might lose their accreditation status within one year and that since April 1989, accreditation status of four agencies had been withdrawn.

12.12 *Improper application of rates.*— The highlights of the programme 'freedom run' were telecast on 27th February 1988 in super 'A' time category at 9 P.M. Three spots of 20, 10 and 30 seconds were charged at the rate of Rs. 0.70 lakh per 10 seconds. However, five other spots each of 30 seconds booked by another agency were charged at the rate of Rs. 0.40 lakh per ten second under orders of the Additional Director General, Doordarshan, on a representation in February 1988, from the agency that their clients had borne enormous expenditure for the event "freedom run". By charging reduced rates Doordarshan lost revenue totalling Rs. 4.50 lakhs. Doordarshan stated, in September 1989, that the Director General had been vested with full powers to rationalise the commercial service rates including the increase and reduction in rates. However, this did not empower the Director General to charge reduced rates in individual cases *vis a vis* the rates prescribed as per the rate card. Further, the powers vested in the Director General were to be exercised in consultation with the Internal Financial Adviser. It was observed in Audit that the Internal Financial Adviser was not consulted.

The Ministry stated, in November 1989, that "Doordarshan sells time which is perishable.....The unsold time cannot be utilised on any other day. Secondly, every advertiser fixes the budget allocation for each product on monthly / media-wise basis. In this, if the budget of the advertiser was Rs. 6 lakhs, it would have remained the same irrespective of the duration of advertisements. In case, the special rate had not been given, in all probability, the advertiser would have revised the duration of the advertisement or would have dropped the idea of telecasting the advertisements with this programme..... As no booking was refused because of non-availability of time, reduction in the rates did not result in any loss of revenue to the Government".

The reply is hypothetical and unsubstantiated.

Doordarshan was requested, in August 1989, to furnish details of all cases of advertisements telecast at rates other than the rates prescribed in rate cards during 1986-87 to 1988-89. Doordarshan stated, in September 1989, that no separate record was maintained in respect of such cases, but such cases were 'very rare, may be, perhaps, once in a year'. However, Doordarshan did not furnish the details of all such cases though specifically called for by Audit, in October 1989.

12.13 Improper categorisation of telecast.— Rates for commercial advertisement spots, sponsorship etc., were grouped in various categories on the basis of viewership ratings and primacy of time. In January 1988, the Controller of sales issued instructions that live international sports events were to be charged as for category 'A' but special sports events (to be specified from time to time) could be placed in higher category 'Super A'.

The finals of French Open Tennis championship were telecast on 4th and 5th June 1988. The rate charged for sponsoring half an hour event was Rs. 1.50 lakhs as applicable for category 'A'.

French Open Tennis championship was one of the four major world championships and by all standards, a special international sports event and deserved to be placed in the then highest category viz. 'Super A' which would have meant sponsorship fee of Rs. 2.50 lakhs for half an hour and spot advertisement rate of Rs. 0.70 lakh for 10 seconds. It was also observed that 30 seconds spot advertised after first set men's final before the second set was charged at the rate for the highest category viz. Rs. 0.70 lakh for 10 seconds (Super A). The categorisation of finals of the event in category 'A' instead of 'Super A' resulted in loss of revenue of Rs. 3 lakhs.

The Ministry stated, in November 1989, that French Open Tennis Championship did not have a good viewership which determined the interest of the advertisers, and further the booking of the spots / sponsorships for the event was limited and that the bill for 30 second's spot after first set men's final before the second set was prepared through oversight which had subsequently, been amended. It was noticed that the amendment was made, in August 1989, after the question of improper categorisation was raised by Audit in May 1989.

12.14 Improper telecast.— In four cases mentioned below, Doordarshan suffered a loss of Rs. 6.35 lakhs due to improper telecasts:—

(i) One 60 seconds spot ('Super A' category spot rate Rs. 0.70 lakh per 10 seconds) booked by an agency to be telecast during Sharjah cricket match on 10th April 1987 was actually telecast after the match was over. Accordingly, the agency refused to make the payment for the spot. Doordarshan's offer to telecast the spot with a 'Super A' category programme within 30 days was also not agreed to by the agency. The improper telecast of the spot resulted in loss of revenue of Rs. 4.20 lakhs to Doordarshan.

The Ministry stated, in November 1989, that special efforts had been made to ensure that such capsules were not telecast if the event was over.

(ii) A 30 seconds spot booked to be telecast with Hindi feature film over Delhi Kendra (local) on 15th February 1987 was actually telecast over the national network. Despite reminders, the agency failed to make any payment to Doordarshan. This resulted in a loss of revenue of Rs. 1.05 lakhs.

While admitting that the spot booked for telecast over Delhi Kendra was actually telecast over the national network due to operational oversight, the Ministry stated, in November 1989, that the wrong telecast did not result in any loss to Government as no advertisement booked on the national network got cancelled because of the wrong telecast. The fact, however, remains that an advertisement was telecast over national network for which no amount could be recovered from the party.

(iii) An agency booked two spots for 6th and 14th April 1986 for advertising certain products for 20 seconds each to be telecast with "Chhoti Badi Baten" and "Chhapte Chhapte" (both category 'A' programmes). Doordarshan telecast wrong advertisement on 6th April 1986 and on 14th April 1986 the telecast was made with 'Nukad' ('Super A' category) instead of "Chhapte-Chhapte". The agency refused to make the payment amounting to Rs. 0.80 lakh.

(iv) A twenty seconds spot booked to be telecast with Hindi feature film over Delhi Kendra on 16th November 1986 was actually telecast over national network. This resulted in loss of Rs. 0.30 lakh for 20 seconds spot.

12.15 Make good spots.—Two spots of 10 and 20 seconds and three spots of 30 seconds each were to be telecast on 31st December 1986 during the new year programme. These were, however, not telecast during the new year programme but telecast after the programme ended. Doordarshan admitted the mistake and as a special case allowed make good spots to the agencies in four of the five cases during October to December 1987 under orders of the Controller of Sales. In the remaining case, payment from the agency had not been received so far. This resulted loss of time worth Rs. 4.80 lakhs (category 'A' spot at the rate of Rs. 0.40 lakh per 10 seconds).

The Ministry stated, in November 1989, that make good advertisements were given only on dates and times when time was available after acceptance of all the contracts i.e. during unsold time. This position could not be verified in Audit as Doordarshan was not maintaining any record of unsold time.

Doordarshan was requested, in August 1989, to intimate the total number of cases with details where make good spots had been granted during the year 1986—89. Doordarshan stated, in September 1989 that each such case was decided on merit and no record was maintained of such cases year-wise. Doordarshan also did not furnish the copy of orders authorising the Controller of Sales to grant make good spots in such cases.

12.16 Telecast of advertisements without valid contracts.—According to the Doordarshan Manual, no spot should be telecast without a valid contract which should be signed both by the advertiser and the agency. As soon as the confirmation of the booking is sent, the agency / advertiser should send the contract so as to reach Doordarshan commercial service at least three to four weeks in advance. Advice to the centres regarding the

telecast should be sent by Doordarshan commercial service only on receipt of relevant contract complete in all respects. During test check, four cases were noticed in which telecast were made even though these were not booked by the agencies and there were no contracts for telecasting the spots and consequently, no amounts could be realised for telecasting the same. Improper and unauthorised telecasts in these four cases resulted in loss of time worth Rs. 2.82 lakhs.

The Ministry admitted, in November 1989 that the four advertisements were telecast because of operational fault but denied that there was any loss of revenue as these advertisements were never booked and no payment was expected. However the clients / agencies were requested to make payments as a special case but they declined.

12.17 Improper grant of extra time.—An agency sponsored the serial “Munshi Prem Chand Ke Amar Kahaniyan” for telecast on 7th, 14th and 21st February 1988. The sponsorship was charged at the rate of Rs. 1 lakh per episode under category ‘A’ and the sponsorer was entitled to “free commercial time” of 90 seconds. The telecast of advertisements with the programme on 21st February 1988 was not properly done for 50 seconds and on receipt of representation, the agency was allowed by the Controller of Sales to telecast two spots for 30 seconds and 20 seconds on 26th June 1988 with the serial “Sunil Gavaskar Presents”. The spot rate for telecasting with the said serial was Rs. 0.40 lakh for 10 seconds.

There was no provision in the rules to grant extra time for improper telecast of advertisements with the sponsored programmes. Since the telecast on 21st February 1988 was not proper, the agency was entitled to a refund of Rs. 0.54 lakh only, against which it was allowed benefit of Rs. 2 lakhs. This resulted in extra benefit of Rs. 1.46 lakhs to the agency. Orders authorising the Controller of Sales to allow make good time in such cases were also not made available to Audit.

The Ministry stated, in November 1989, that the value of 50 seconds ‘make good’ had to be viewed in the light of extra cost of production paid to outside producers.

12.18 Under-billing.—During test check of the telecast certificates, two cases of underbilling were noticed in Audit.

According to telecast certificate for 1st June 1988, one 20 seconds spot was given to an agency but the agency was charged for 10 seconds only resulting in a short recovery of revenue of Rs. 0.70 lakh. In another case of Delhi Kendra, the bill for telecast made on 28th February 1988 in respect of an agency was not issued for Rs. 0.50 lakh. In both the cases, the amount along with interest of Rs. 0.18 lakh was recovered after this was pointed out by Audit.

12.19 Non recovery of arbitration award.—An agency failed to make payment of advertising charges amounting to Rs. 1.06 lakhs for November

1981 and September to November 1985 within the stipulated period. The agency contended that the scheduling of advertisements was not proper and hence no payment was to be made. The matter was referred for arbitration in October 1986.

An award in this connection in favour of Doordarshan was given, in November 1987. According to the award, a sum of Rs. 1.06 lakhs on account of telecast charges was to be paid by the agency. In addition the agency was also required to pay Rs. 0.30 lakh towards interest at the rate of 18 per cent per annum from the date of expiry of credit period till date of reference to arbitration i.e. 16th October 1986. The above amounts were to be paid within two / three months from the date of publication of the award.

The award was filed in the High Court of Bombay in December 1987. Though a period of more than 23 months had expired since the award was announced, Doordarshan had failed to realise the amount and no further legal action had been taken in the matter.

APPENDIX II

(Vide Para 1.26 of the Report)

Demand for Advertisements for Prime time SLCTS which could not be met

(PERIOD: 1.12.90 to 15.12.90)

NOTE: The number of contracts represents the number of requests on the Waiting List 25 days before actual telecast. The duration of time indicated relates to additional time which would have to be diverted for accommodating the request in the Waiting list.

(a) NATIONAL NETWORK

(i) 9.00 p.m.

MONDAYS	3.12.90 6 Mnts. 20 Sec. 18 Contracts	10.12.90 3 Mnts. 10 Sec. 9 Contracts
TUESDAYS	4.12.90 5 minutes 14 Contracts	11.12.90 5 mnts. 50 Sec. 16 Contracts
WEDNESDAYS	5.12.90 No Waiting	12.12.90 No Waiting
THURSDAYS	6.12.90 No Waiting	13.12.90 No Waiting
FRIDAYS	7.12.90 6 Mnts. 20 Sec. 17 Contracts	14.12.90 5 Minutes 12 Contracts
SATURDAYS	1.12.90 1 Mnt. 40 Sec. 7 Contracts	8.12.90 1 Mnt. 50 Sec. 5 Contracts 15.12.90 No Waiting due to change in serial
SUNDAYS	2.12.90 No Waiting	9.12.90 No Waiting

(ii) 8.05 p.m.

WEDNESDAYS	5.12.90	12.12.90
CHITRAHAAR	5 Mnts. 18 Contracts	7 Mnts. 40 Sec. 20 Contracts

DELHI & L.P.T.'s

(b) CHITRAHAR

7.12.90
17 Mnts. 10 Sec.
46 Contracts

(FRIDAYS)

14.12.90
16 Mnts. 05 Sec.
44 Contracts

(c)	MADRAS	
	TAMIL FEATURE FILM	(SUNDAYS)
	2.12.90	9.12.90
	4 Mnts. 30 Sec.	2 Mnts.
	10 Contracts	5 Contracts
	OLYIUM OLIUM	(FRIDAYS)
	7.12.90	14.12.90
	7 Mnts. 35 Sec.	6 Mnts. 30 Sec.
	19 Contracts	17 Contracts
(d)	BOMBAY	
(i)	CHHAYAGEET	(THURSDAYS)
	6.12.90	13.12.90
	5 Mnts. 15 Sec.	1 Mnt. 10 Sec.
	17 Contracts	3 Contracts
(ii)	HINDI FEATURE FILM	(SATURDAYS)
	1.12.90	8.12.90
	3 Mnts. 40 Sec.	2 Mnts. 10 Sec.
	8 Contracts	6 Contracts
		15.12.90
		20 Sec.
		1 Contract
(iii)	CHITRAHAR	(WEDNESDAYS)
	5.12.90	12.12.90
	40 Sec.	40 Sec.
	2 Contracts	1 Contract

APPENDIX III

(Vide Para 3.4 of the Report)

Outstanding Payments as Per C & AG Report

	Number of agencies	Amount	Amount of interest due
		(Rupees in lakhs)	
Agencies in existence	84	303.76	32.30
Agencies against which arbitration cases were initiated	4	7.28	—
Agencies no longer doing business with Doordarshan	32	86.99	6.93
Government departments and Undertakings	22	46.90	0.68
Agencies against which only interest was due	—	—	1.18
	<u>142</u>	<u>444.93</u>	<u>41.09</u>

APPENDIX IV*(Vide Para 3.4 of the Report)**Outstanding Payments as on 5.1.1991*

	Number of agencies	Amount	Amount of interest due
	(Rupees in lakhs)		
Agencies in existence	54	85,27,727	6,51,893
Agencies de-accredited after January 1988	10	44,20,639	6,44,085
Agencies against which arbitration cases were initiated	4	6777	—
Agencies no longer doing business with Doordarshan	27	85,95,377	5,24,035
Government departments and Undertakings	20	15,80,116	2,30,895
Agencies against which only interest was due	—	—	40,400
	115	2,31,24,536	20,91,308

APPENDIX V*(vide Para 3.5 of the Report)**Statement showing the outstanding payments as on 5.1.91**(Alongwith gross business for the year 1989-90)***(Accredited Agencies)**

S. No.	Agency	Billing upto 1/89	Interest	Gross Business Billing 89-90 (IN LACS)
1.	A.S.P.	1,13,943	5,268	97.0
2.	ART COMMERCIAL	1,181,900	12,215	104.2
3.	ARMS	12,500	47,518	59.0
4.	ADROIT	11,900	—	49.3
5.	ADWAVE	9,350	—	0.5
6.	B. D. KHANNA	22,525	3,627	10.7
7.	CREATIVE UNIT	7,650	—	147.8
8.	CHAITRA	5,67,801	—	404.4
9.	CONCEPT	29,292	1,81,287	30.8
10.	CURRENT	80,325	—	33.6
11.	CONTOUR	2,54,556	—	25.8
12.	CLARION	17,90,934	—	637.2
13.	CONTRACT	2,72,807	30,545	641.5
14.	DATTA RAM	70,994	—	5.7
15.	DACUNHA	2,73,404	128	364.1
16.	EFFICIENT	67,942	8,028	21.4
17.	EVEREST	3,16,387	—	809.7
18.	ENTERPRISE	1,06,250	—	220.1
19.	ELEGANT	33,993	—	8.6
20.	FRANK SIMOES	34,000	15,350	120.7
21.	IMPRESSION	4,250	30	1.5
22.	H.T.A.	5,70,775	1,046	1,897.0
23.	HERALD	28,900	—	7.4

£	2	3	4	5
24.	INTERADS	88,400	17,711	14.1
25.	INTERPUB	10,200	—	19.5
26.	JAYA	1,18,150	6,247	31.5
27.	JAISONS	1,34,725	90,122	34.7
28.	JAI SHREE PICTURE	38,860	—	39.3
29.	KRISHAN- LEELA	35,700	5,457	42.1
30.	KANARA	4,250	803	14.2
31.	LINTAS	13,79,339	1,42,483	3,130.8
32.	L.R. SWAMY	39,950	—	17.5
33.	M.A.A.	2,20,150	—	201.0
34.	MUDRA	24,025	4,197	1,295.7
35.	MAPP	23,800	—	69.8
36.	INCENTIVE	—	5,980	—
37.	M.C.A.	3,400	6,091	50.4
38.	NATIONAL ADTG. SERVICE	23,630	7,229	13.2
39.	NATIONAL PUB. SERVICE	54,400	5,368	0.2
40.	O.B.M.	3,55,468	38,738	1,497.1
41.	PURNIMA	69,700	4,998	592.7
42.	PADMAJA	76,500	—	0.9
43.	R.K. SWAMY	2,53,725	—	363.6
44.	RENUKAY	91,375	10,114	101.5
45.	REDIFUSSION	2,95,800	—	864.8
46.	RADIO & T.V.C.	62,900	—	13.3
47.	SOBAGHAYA	25,500	—	24.4
48.	SRISHTI	20,400	—	1.1
49.	SISAAS	34,850	—	222.6
50.	3 BROTHERS & FILS	3,400	—	95.5
51.	TRIKAYA	25,800	—	346.8
52.	T.S.A.	13,600	357	402.6
53.	VISION	4,845	956	14.1
54.	ULKA	1,33,107	—	533.0
		85,27,727	6,51,893	

APPENDIX VI*(Vide Para 3.5. of the Report)**Agencies De-Accredited by Doordarshan**(i.e. after January 1988)*

S.No.	Principal	Interest
1. AXIS	57,290	94,272
2. AUDIO	15,49,955	—
3. ADENVOYS	1,04,550	1,28,814
4. ADWORLD	1,98,992	—
5. RADIO PUBLICITY SERVICE	6,22,300	1,19,761
6. FRIENDS	4,50,840	88,556
7. ROSHAN	2,75,250	77
8. NOVELADS	12,750	—
9. SHREE PRAEIAKAR	5,62,296	1,058
10. VIKAS	5,86,416	2,11,547
TOTAL	44,20,639	6,44,085

APPENDIX VII

(Vide Para 4.2 of the Report)

Statement Indicating The Broad Features of the Code for Commercial Advertising on Doordarshan

1. Advertising shall be so designed as to conform to the laws of the country and should not offend morality, decency and religious susceptibilities of the people.

2. No. advertisement shall be permitted which—

- (i) devides any race, caste, colour, creed and nationality;
- (ii) is against any of the directive principles, or any other provision of the Constitution of India;
- (iii) tends to incite people to crime, cause disorder or violence, or breach of law or glorifies violence or obscenity in any way;
- (iv) presents criminality as desirable;
- (v) adversely affects friendly relations with foreign States;
- (vi) exploits the national emblem, or any part of the Constitution or the person or personality of a national leader or State Dignitary;
- (vii) relates to or promotes cigarettes and tobacco products, liquor, wines and other intoxicants;
- (viii) in its depiction of women, violates the constitutional guarantees to all citizens such as equality of status and opportunity and dignity of the individual. In particular, no advertisement shall be permitted which projects a derogatory image of women. Women must not be portrayed in a manner that emphasises passive, submissive qualities and encourages them to play a subordinate secondary role in the family and society. The portrayal of men and women should not encourage mutual disrespect. Advertiser shall ensure that the portrayal of the female form is tasteful and aesthetic, and is within the well established norms of good taste and decency.

3. No advertisement message shall in any way be presented as news.

4. No advertisement shall be permitted the objects whereof are wholly or mainly of a religious or political nature; advertisements must not be directed towards any religious or political end or have any relation to any industrial dispute.

5. Advertisements for services concerned with the following shall not be accepted:

- (i) Money lenders;**
- (ii) Chit funds;**
- (iii) Saving schemes and lotteries other than those conducted by Central and State Government Organisations, Nationalised or recognised banks and Public Sector Undertakings;**
- (iv) Matrimonial agencies;**
- (v) Unlicensed employment services;**
- (vi) Fortune tellers or sooth-sayers etc., and those with claims of hypnotism;**
- (vii) Foreign goods and foreign banks;**
- (viii) Betting tips and guide books etc., relating to horse racing or other games of chance.**

6. The items advertised shall not suffer from any defect or deficiency as mentioned in Consumer Protection Act, 1986.

7. No advertisement shall contain references which are likely to lead the public to infer that the product advertised or any of its ingredients has some special or miraculous or super-natural property or quality which is difficult of being proved, e.g. cure for baldness, skin whitener, etc..

8. No advertisement shall contain the words 'Guarantee' or 'Guaranteed' etc., unless the full terms of the guarantee are available for inspection by the Director General, Doordarshan, and are clearly set out in the advertisement and are made available to the purchaser in writing at the point of sale or with the goods. In all cases terms must include details of the remedial action available to the purchaser. No advertisement shall contain a direct or implied reference to any guarantee which purports to take away or diminish the legal rights of a purchaser.

9. Scientific or statistical excerpts from technical literature etc., may be used only with a proper sense of responsibility to the ordinary viewer. Irrelevant data and scientific jargon shall not be used to make claims appear to have a scientific basis they do not possess. Statistics of limited validity should not be presented in a way as to make it appear that they are universally true.

10. Advertisers or their agents must be prepared to produce evidence to substantiate any claims or illustrations. The Director General reserves the right to ask for such proofs and get them examined to his full satisfaction.

In case of goods covered by mandatory quality control orders, the advertiser shall produce quality certificate from the institutions recognised by the Government for this purpose.

11. Advertisements shall not contain disparaging or derogatory references to another product or service.

12. Imitation likely to mislead viewers shall be avoided.

13. Visual and verbal representation of actual and comparative prices and costs shall be accurate and shall not mislead on account of undue emphasis or distortion.

14. Testimonials must be genuine and used in a manner not to mislead the viewers. Advertisers or Advertising Agencies must be prepared to produce evidence in support of their claims.

15. The picture and the audible matter of the advertisement shall not be excessively 'loud.' This is to ensure that between the programme and the advertisement there is a smooth change over avoiding jerkiness or shock to the viewers.

16. No advertisement of any kind or jewellery or precious stones shall be accepted.

17. Information to consumer in matters of weight, quality or prices of products where given shall be accurate.

18. Advertisements indicating price comparisons or reductions must comply with relevant laws.

19. No advertisement shall be accepted which violates AIR and TV Broadcast Code which is reproduced below:—

General AIR/TV Code:

1. criticism of friendly countries;
2. attack on religions or communities;
3. anything obscene or defamatory;
4. incitement to violence or anything against maintenance of law and order;
5. anything amounting to contempt of court;
6. aspersions against the integrity of the President and judiciary;
7. anything affecting the integrity of the Nation; and
8. criticism by name of any person.

20. Any such effects which might startle the viewing public must not be incorporated in advertisements. For example, and without limiting scope, the use of the following sound effects will not be permitted:

Rapid gunfire or rifle shots.

Sirens.

Bombardments**Screams**

Raucous laughter and the like.

21. Any pretence in advertising copy must be avoided and such copy shall not be accepted by Doordarshan Kendras. The 'simulation' of appearance or voice of a personality in connection with advertisements for commercial products is also prohibited unless bonafide evidence is available that such personality has given permission for the simulation and it is clearly understood that stations telecasting such announcements are indemnified by the advertiser or advertising agency against any possible legal action.

Advertising and Children

22. No advertisement for a product or service shall be accepted if it suggests in any way that unless the children themselves buy or encourage other people to buy the products or services, they will be failing in their duty or lacking in loyalty to any person or organisation.

23. No advertisement shall be accepted which leads children to believe that if they do not own or use the product advertised they will be inferior in some way to other children or that they are liable to be condemned or ridiculed for not owning or using it.

24. Any advertisement which endangers the safety of the children or creates in them any interest in unhealthy practices, shall not be accepted, e.g., playing in the middle of the road, leaning dangerously out of a window, playing with match boxes and other goods which can cause accidents.

25. Children shall not be shown begging or in an undignified or indecent manner.

26. No advertisement likely to bring advertising into contempt or disrepute shall be permitted. Advertising shall not take advantage of the superstition or ignorance of the general public.

27. No advertisement of talismans, charms and character reading from photographs or such other matter as well as those which trade on the superstition of general public shall be permitted.

28. Advertising shall be truthful, avoid distorting facts and misleading the public by means of implications and omissions. For instance, it shall not mislead the consumer by false statements, as to:—

- (i) the character of the merchandise, i.e. its utility materials, ingredients, origin etc.
- (ii) the price of the merchandise, its value, its suitability or terms of purchase.
- (iii) the services accompanying purchase, including delivery, exchange, return, repair, upkeep etc...

- (iv) personal recommendations of the article or service, the quality or the value of competing goods or the trustworthiness of statements made by others.

29. Testimonials of any kind from experts etc., other than Government recognised standardisation agencies shall not be permitted.

30. No advertisement shall be permitted to contain any claim so exaggerated as to lead inevitably to disappointment in the minds of the public.

31. Methods of advertising designed to create confusion in the mind of the consumer as between goods by one maker and another maker are unfair and shall not be used. Such methods may consist in:

- (i) the imitation of the trade-mark or name of competition or the packaging or labelling of goods; or
- (ii) the imitation of advertising devices, copy, layout or slogans.

32. Indecent, vulgar, suggestive, repulsive or offensive themes or treatment shall be avoided in all advertisements. This also applies to such advertisements which in themselves are not objectionable as defined above, but which advertise objectionable books, photographs or other matter and thereby lead to their sale and circulation.

33. No advertisement in respect of medicines and treatments shall be accepted which is in contravention of the Code relating to Standards for advertising of medicines and treatments.

MAJOR AMENDMENTS MADE IN DOORDARSHAN'S REVISED 'CODE FOR COMMERCIAL ADVERTISING' MADE APPLICABLE FROM 30.03.1987

(a) The scope of the earlier code included not only commercial advertisements but also guidelines for telecast of sponsored programme. The scheme of sponsored programme has been removed from the scope of the revised code.

(b) The revised Code provides that the advertisements will not be violative of any of the following additional Acts/Code, etc.:

- (i) Consumer protection Act, 1986:
- (ii) Indecent representation of women (prohibition) Act, 1986.
- (iii) AIR/Doordarshan Code.
- (iv) Code of Ethics for advertising in India issued by the Advertising Standard Council of India.
- (v) Code of standards in relation to the advertising of medicine and treatments.

(vi) Standards of practice for Advertising Agencies (as approved by the Advertising Agencies Association of India, Bombay).

(c) Advertisement which 'glorifies violence or obscenity in any way' has been specifically prohibited on Doordarshan in the revised Code.

(d) The earlier code prohibited advertisements "on cigarettes and tobacco products." The revised Code prohibited advertisement which relates to or promotes cigarettes and tobacco products, liquor, wines and other intoxicants.

(e) The following new clause was added to the general rules of conduct in advertising in the revised code: in its depiction of women violates the constitutional guarantees to all citizens such as equality of status and opportunity and dignity of the individual. In particular, no advertisement shall be permitted which projects a derogatory image of women. Women must not be portrayed in a manner that emphasises passive, submissive qualities and encourages them to play a subordinate, secondary role in the family and society. The portrayal of men and women should not encourage mutual disrespect. Advertiser shall ensure that the portrayal of the female form is tasteful and aesthetic, and is within the well established norms of good taste and decency.

(f) Earlier Code prohibited ads on Saving Schemes and Lotteries *Other than those conducted by nationalised or recognised banks*. The revised Code exempted advertisements on such services conducted by the *Central and State Government organisations* in addition to the categories exempted as above.

(g) The following new clauses were added to the revised Code:

"No advertisement of any kind of jewellery or precious stones would be accepted."

"Information to consumer in matters of weight, quality or prices of produces where given shall be accurate."

"Advertisements indicating price comparisons or reductions must comply with relevant laws."

APPENDIX VIII

Statement of Conclusions / recommendations

S.No	Page No.	Conclusion / recommendation
1	2	3
1	1.27	The Committee note that according to the Manual of the Doordarshan 10% of the total transmission time was allotted for commercial advertisements. The maximum permissible time was subsequently reduced to 5% by an internal order. The actual utilisation, however, is only 2.5%.
2	1.28	The 10% limit was fixed only on the basis of an appreciation. It was not based on any statistical consideration or past experience. The decision to devote not more than 5% of the total broadcast time to commercials was taken in early 1986 at the level of the Minister for Information and Broadcasting. This decision reflected the Government's concern to ensure that the role of Doordarshan in aid of socio-developmental process is not eroded by commercial considerations. But even the 5% permissible limit is not being fully utilised and the Ministry are not sure whether the 5% ceiling is ideal or needs to be modified.
3	1.29	Recently, the Bill for establishment of an autonomous corporation to take over the functions of Doordarshan and Akashvani has been passed and assented to by the President. The Act <i>inter alia</i> provides that the Central Government shall have the power to determine the maximum limit of broadcast time in respect of advertisements to ensure that adequate time is made available for the promotion of the basic objectives defined in the Act, for which the Corporation is proposed to be set up. The Committee were informed that "In pursuance of this directive an exercise has already been initiated to determine the most suitable ceiling which needs to be imposed in respect of time to be devoted to the advertisements. No specific study as such has been done so far but the same will be made if considered necessary."
4	1.30	The Committee are unable to appreciate the fixation of permissible ceiling for advertisements on <i>ad hoc</i> basis. It is

surprising that the Ministry have not made any specific study till date as to the permissible time ceiling inspite of the fact that commercial advertisements were started on the electronic media as early as 1976. Reducing the ceiling from 10% to 5% in 1986, also appears to be only an *ad hoc* decision. The Committee apprehend that this ad-hocism is likely to continue as even now according to the Ministry a study will be made only "if considered necessary."

5 1.31 Being a public broadcasting media, while it is essential that the main role of the Doordarshan in aid of the socio-developmental process is not eroded by commercial considerations, it is also necessary that the Doordarshan is able to maximise its revenue earning potential through commercial advertisements. The Committee desire that an indepth study may be made and a workable limit both for prime time and non-prime time segments fixed for the commercial advertisements. Once such a limit is fixed, every efforts should be made to achieve that target and to earn more revenue.

6 1.32 The Committee find that the gross revenue which stood at Rs.98.32 crores in 1986-87 increased to Rs. 210.13 crores in 1989-90. Although the growth in the quantum of revenue earned is significant, the utilisation of time is "no where what has been permitted by the Doordarshan", and is just 2.5% as against the present ceiling of 5%—re-fixed in 1986, from the earlier ceiling of 10%. As stated before the Committee the growth in revenue has been mainly due to advertising in particular segments of the programme, which is called the "peak time segments". Even in respect of peak time segments the revenue increase has been more on account of increase in rates rather than increase in utilisation of time. The Ministry have admitted that enough marketing effort has not been made as they do not have any organisation for this purpose. The Committee are informed that the Ministry are likely to have a suitable organisation during the Eighth Plan, and they "proposed to utilise the services of a specialised professional body to make a study of the commercial service of Doordarshan and advise them as to how best its marketing techniques can be improved."

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- 7 1.33 While time available for advertisements during informative and educational programmes remain mostly unsold, the demand for bookings exceed the advertisement time available for entertainment programmes. The Committee recommend that an indepth study may be made of the demand for time for different segments and for different programmes and suitable measures taken so that even within the permissible ceiling for commercial advertisements, Doordarshan are able to derive the maximum revenue. The Committee desire that, as already proposed by Doordarshan, the study of the commercial service for improving the marketing techniques may be made without any further delay and the results of the study as also the proposed action thereon communicated within a period of six months.
- 8 1.34 Keeping in view the popularity of the media and increasing volume of business, the Committee are of the firm view that it is necessary for Doordarshan to develop their own marketing organisation with both technical and commercial competence as early as possible.
- 9 2.14 The Committee find that the rate cards which contain the tariff structure for commercial advertisements on the TV network are not revised at any fixed periodical intervals. In the past, the rate cards have been revised at intervals ranging from 5 to 43 months. The rate cards had not been revised between the period March, 1980 and August, 1983, despite an increase in the number of television sets between January, 1980 and December, 1982 to the tune of 76 and of transmitters between February, 1980 and August, 1983 to the extent of 141%. It has been stated that the tariff structure is determined by a combination of factors, including the reach of the service, operational cost and overall condition in the market and a review is made as and when there is overall change in the said combination of parameters. It is, therefore, not feasible to prescribe a fixed periodicity for the review of the tariff structure. It was however admitted by the Ministry that the large increase in the number of TV sets and transmitters during 1980 to 1983 should have been taken into account to determine the need to revise the tariff. The Committee are of the firm view that constant monitoring of these factors is a *sine-qua-non* to ensure timely revision of tariff structure and prevention of loss of revenue to the Doordarshan.
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- 10 2.15 Presently, the tariff for a particular time slot on the T.V. network is uniform for all categories of clients who offer their advertisements on the network. The Committee suggest that in order to encourage the Cottage, Handicrafts and Village Industries keeping in view their financial position a subsidised rate structure may be considered for the owners of these industries.
- 11 2.16 The Committee find that since the inception of the scheme till March, 1989, the Government have paid an amount of Rs. 70 crores as commission to the advertising agencies the Doordarshan may be paying even larger sums of money in the coming years on account of agency commission to private agencies. While the Committee appreciate that the agency system has a role to play as the Doordarshan are not in a position to provide the professional services rendered by the advertising agencies, they see no reason why the rate of the agency commission, which was fixed at 15% should continue unchanged. The agency system has different role in other countries where the electronic media is controlled by private agencies and there is competition between the various agencies, but in the Indian conditions, which are entirely different, payment of agency commission at the rate of 15% as prevailing in other countries, does not appear to be justified and needs to be reviewed. The Committee suggest that as a commercial proposition, the substitution of the existing flat rate of commission by a graded structure, wherein the rate of commission is directly related to the volume of business being brought in by the individual agencies might be considered. This will generate healthy competition among the advertising agencies. A discriminatory agency commission may also be explored based on the lean or prime time during which the commercial advertisements are likely to feature. This will help Doordarshan to meet the target of 5% set for commercial advertisement as also enhance generation of revenue.
- 12 3.22 The Committee find that as on 1st January, 1989 an amount of Rs. 486.02 lakhs was due from 142 advertising agencies. It has come down to Rs. 2,52,15,844 from 115 agencies as on 5-1-91. Similarly, the outstanding payments due from 84 accredited agencies have come down from Rs. 336.06 lakhs to Rs. 91,79,620 during the same period. The Committee are surprised to find that in a number of cases the
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amounts outstanding exceeded even Rs. 10 lakhs. The Ministry of I&B have stated that in order to settle a substantial number of bills the "Systems and procedures existing in the commercial service need to be looked into in detail and areas of weakness have to be removed by delegating powers at appropriate levels with due accountability." The Committee view with concern the large amounts due from the various agencies. They are distressed to note that even the agent's ledgers are not maintained. Concerted efforts need to be made to reduce the outstanding dues. The existing systems and procedures for billing in the commercial services may, therefore, be studied in depth and revised guidelines formulated soon. The question of making it obligatory on the part of the advertising agencies to make advance payment in respect of advertisements be also considered to avoid accumulation of arrears. A small group may be constituted by the Ministry to examine, monitor and recover the arrears and compliance reported within a period of six months.

13 3.23 The Committee further note that in April, 1989, Doordarshan had decided to constitute an internal team to collect and compile information in respect of each disputed bill and to analyse them yearwise and agencywise. It was also decided to set up an 'empowered Committee' to take final decision on each case. However, the internal team as well as the empowered Committee are yet to be constituted. The Committee regret to note that the Doordarshan have not taken the problem of recovery of outstanding dues with the seriousness it deserved. They would like to be apprised of the reasons for the slackness on the part of the Doordarshan to implement their own decisions regarding setting up of the internal team and the empowered Committee.

14 3.24 The Committee note that the issue of bills of commercial advertisements on television has been computerised with effect from 1st April, 1989. It is based on daily tele-cast certificates received for various commercial Kendras including National Network. However, the linking of payment is done manually and the next two stages of computerisation would cover linking of payments and scheduling of advertisements for National Network and Kendras booked at Delhi. The Committee desire that the billing procedure may be improved by linking the computer system at Delhi with all the other

commercial Kendras as early as possible. This will enable the Doordarshan to have an immediate access to the telecast information and the delay in receiving the telecast certificate can be avoided. Consequently, bills can be raised within the prescribed time schedule which will pave the way for reducing the number and amount of the disputed bills.

- 15 4.18 The Committee note that each proposal for telecast of commercial advertisements is scrutinised, to ensure that it does not, in any manner, violate any of the provisions laid down in the "Code of Commercial Advertising on Door-darshan." The Ministry of I&B have stated that the officers of Doordarshan possess the necessary expertise to evaluate the suitability of advertisements in terms of the "Code" and "it is neither practicable nor necessary to associate outsiders with the evaluation or suitability of an advertisement." The Committee are not inclined to accept this view. They recommend that a suitable representative apex body may be constituted to provide the necessary expertise guidance and direction to the Controller of Sales to evaluate the suitability or otherwise of an advertisement in terms of the "Code." This apex body may include, among others, representatives of artistes, social scientists and other concerned interests. There should be a constant liaison between the officers and the apex body to ensure that the advertisements fall strictly within the parameters of the "Code."
- 16 4.19 The Committee also recommend that the "Code" may be reviewed at regular intervals, preferably, every five years, and be modified in the light of the experience in administering the "Code."
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