

SEVENTY-SIXTH REPORT
PUBLIC ACCOUNTS COMMITTEE
(1994-95)

(TENTH LOK SABHA)

DOORDARSHAN COMMERCIAL
SERVICE

MINISTRY OF INFORMATION & BROADCASTING



Presented to Lok Sabha on12.12.1994
Laid in Rajya Sabha on12.12.1994

LOK SABHA SECRETARIAT
NEW DELHI
October , 1994/Kartika , 1916 (Saka)

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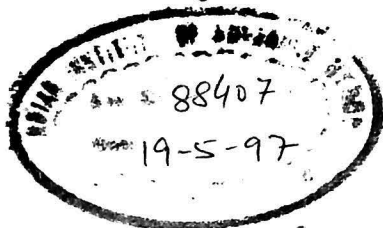
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CORRIGENDA TO 76TH REPORT OF PUBLIC ACCOUNTS COMMITTEE
(10TH LOK SABHA)

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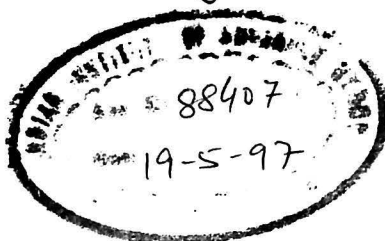
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PUBLIC ACCOUNTS COMMITTEE
(1994-95)

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1. Shri Murari Lal — *Joint Secretary*
2. Smt. P.K. Sandhu — *Director*
3. Shri P. Sreedharan — *Under Secretary*

INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this Seventy-Sixth Report on action taken by Government on the recommendations of the Public Accounts Committee contained in their 4th Report (10th Lok Sabha) on Doordarshan Commercial Service. *B*

2. In their earlier report the Committee had expressed their concern over the heavy outstanding dues from advertising agencies to the extent of Rs. 2.52 crores upto January 1991 and had underlined the need for conducting a study of the existing procedures for billing in commercial services and formulation of revised guidelines in the matter. The Committee had also expressed their unhappiness over the delay on the part of Doordarshan in implementing their own decisions taken in April 1989 for constituting an internal team to collect and compile information in respect of each disputed bill and analysing it and also the delay in setting up of an empowered committee to take final decision in each case. In this report the Committee have noted that, in pursuance of their recommendation, a small Group was constituted by Doordarshan for the purpose of monitoring and recovering the arrears of commercial revenue in Doordarshan. From the gist of recommendations made by the said Group and the action taken on the same, the Committee have noted with regret that action in respect of several recommendations of the Group is yet to be initiated by Doordarshan. While the Ministry have failed to explain the reasons for the delay in acting upon those recommendations they have also not intimated the precise reasons for the delay in the constitution of the empowered committee as had been desired by the Committee in their earlier report. In the opinion of the Committee this clearly indicates the lack of seriousness on the part of the Ministry/Doordarshan in ensuring recovery of the pending dues and have expressed serious concern over this. They have desired that the recommendations made by the Group should be implemented in letter and spirit without further delay so as to rationalise the working of commercial services in Doordarshan and ensure that the governmental revenues are fully protected.

3. In this Report the Committee have also reiterated the need for constitution of a representative apex body comprising among others representatives of artists, social scientists and other concerned interests which can play a meaningful role in ensuring that the advertisements telecast by Doordarshan conform to the accepted norms and do not in any manner offend morality, decency, reality and religious susceptibilities of the people.

(vi)

4. The Report was considered and adopted by the Public Accounts Committee at their sitting held on 19 September, 1994. Minutes of the Report form Part II of the Report.

5. For facility of reference and convenience, the recommendations of the Committee have been printed in thick type in the body of the Report and have also been reproduced in a consolidated form in the Appendix to the Report.

6. The Committee place on record their appreciation of the assistance rendered to them in the matter by the Office of the Comptroller & Auditor General of India.

NEW DELHI;
20 October, 1994

28 Asvina, 1916 (*Saka*)

BHAGWAN SHANKAR RAWAT,
Chairman,
Public Accounts Committees.

CHAPTER I

REPORT

This Report of the Committee deals with the action taken by Government on the recommendations and observations contained in their Fourth Report (Tenth Lok Sabha) 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. The Fourth Report which was presented to Lok Sabha on 19 December, 1991 contained 16 recommendations. Action taken notes have been received in respect of all the recommendations and these have been broadly categorised as follows:—

- (i) Recommendations and observations which have been accepted by Government:
Sl. Nos. 1 to 7, 9-10, 14 and 16
- (ii) Recommendations and observations which the Committee do not desire to pursue in the light of the replies received from Government:
Sl. Nos. 8 and 11
- (iii) Recommendations and observations replies to which have not been accepted by the Committee and which require reiteration:
Sl. Nos. 12, 13 and 15
- (iv) Recommendations and observations in respect of which Government have furnished interim replies:
—Nil—

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

Marketing of Time for Commercial Advertisements in Doordarshan

Sl. No. 5—Paragraph 1.31

4. The commercial advertisements were introduced on television from 1.1.1976 with the major objective of generating 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. In their Fourth Report (Tenth Lok Sabha) the Committee while examining the Doordarshan commercial service had noted that even though commercial advertisements were introduced on the electronic media as early as 1976, the Ministry of Information & Broadcasting had not undertaken any specific study to evolve a suitable time ceiling for these advertisements. According to the

Manual of Doordarshan, 10% of the total transmission time was allotted initially for commercial advertisements but the ceiling was brought down to 5% by an internal order in early 1986. However, the fixation of this ceiling was neither based on statistical consideration nor practical experience, but was only an *ad-hoc* decision. The Committee were constrained to note that even on the face of reduction of maximum permissible time ceiling to 5%, the actual utilisation was only to the extent of 2.5%. Emphasizing the need for maximisation of revenue earning potential through commercial advertisements by Doordarshan without eroding the social responsibility, the Committee in Para 1.31 of the Fourth Report (Tenth Lok Sabha) had recommended:

"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 Doordarshan is able to maximise its revenue earning potential through commercial advertisements. The Committee desire that an in depth 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."

5. The Ministry of Information & Broadcasting in their action taken note *inter alia* have stated:

"As regards the recommendation of the Committee to carry out a study for deciding the limits for advertising time, Doordarshan has decided to immediately commission the Audience Research Unit to conduct a comprehensive survey of present utilisation. The findings of this survey when available are expected to help in deciding a benchmark of a permissible ceiling for advertising."

6. The Committee note that in pursuance of their recommendation to carry out a study for deciding limits for advertising time, Doordarshan has decided to commission the Audience Research Unit to conduct a comprehensive survey of the present utilisation. According to the Ministry of Information & Broadcasting, the findings of the survey when available are expected to help in deciding the benchmark of permissible ceiling for advertising. Since a period of about three years has already elapsed after the presentation of the report, the Committee desire that the survey should be expeditiously completed and necessary follow-up action taken with a view to maximising the revenue earning potential of Doordarshan through commercial advertisements without eroding their social responsibility. The Committee also trust that while formulating the revised permissible ceiling for advertising, the Ministry would also take note of the factors arising out of the present competitive environment in the telecast of commercial advertisements.

Outstanding dues from defaulting advertising agencies

(Sl. Nos. 12 & 13—Paras 3.22 & 3.23)

7. Commenting on the extent of dues outstanding from defaulting advertising agencies, the Committee in Paragraphs 3.22 and 3.23 of their 4th Report (Tenth Lok Sabha) had recommended:—

“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 ‘System 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.

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.”

8. The Ministry of Information & Broadcasting have in their Action Taken Note stated as follows:—

“Consequent upon the recommendations made by the PAD, a small group was constituted under the chairmanship of the ADG(A),

Doordarshan for the purpose of monitoring and recovering the arrears of commercial revenue in Doordarshan. The Group has submitted its report. A gist of the recommendations is enclosed. (Appendix I).

Pursuant to the Committee's recommendations, intensified efforts were made to clear the outstanding dues from defaulting agencies. The outstanding dues for the year 1991-92 were brought down to Rs. 9.41 crores against a gross collection of Rs. 300.61 crores while for the year 1992-93, the outstanding dues were reduced to Rs. 5.38 crores against a gross collection of Rs. 360.23 crores."

9. From the Action Taken Note furnished by the Ministry it was seen that action in respect of several recommendations made by the Group constituted for the purpose of monitoring and recovering arrears of commercial revenue in Doordarshan were yet to be implemented. These included among others, enhancement of the present value of bank guarantee to be taken from the clients from Re. one lakh to Re. five lakhs, initiating penal action against agencies who booked advertisements on T.V. and later cancelled the contracts, initiating legal proceedings against defaulting firms who no longer were in business and from whom a sizeable amount of Rs. 1.73 crores was pending, constitution of a committee under the chairmanship of Director-General, to take a final decision on all disputed cases etc.

10. In their earlier report the Committee had expressed their concern over the heavy outstanding dues from advertising agencies to the extent of Rs. 2.52 crores upto January 1991 and had underlined the need for conducting a study of the existing procedures for billing in commercial services and formulation of revised guidelines in the matter. The Committee had also expressed their unhappiness over the delay on the part of Doordarshan in implementing their own decisions taken in April 1989 for constituting an internal team to collect and compile information in respect of each disputed bill and analysing it and also the delay in setting up of an empowered committee to take final decision in each case. The Committee are concerned to note from the action taken reply that the outstanding dues for the years 1991-92 and 1992-93 amounted to Rs. 9.41 crores and Rs. 5.38 crores respectively. The Ministry of Information & Broadcasting have sought to explain that the level of pendency was less as the outstanding dues for the two years referred to above were against the gross collection of Rs. 300.61 crores for the year 1991-92 and Rs. 360.23 crores for the year 1992-93. The Committee are not satisfied with this reply and desire that vigorous efforts should be made to realise the governmental dues from the defaulting agencies. They would like to be informed of the progress made in the matter at the earliest.

11. The Committee further note that, in pursuance of their recommendation, a small Group was constituted by Doordarshan for the purpose of

monitoring and recovering the arrears of commercial revenue in Doordarshan. From the gist of recommendations made by the said Group and the action taken on the same, the Committee regret to note that action in respect of several recommendations like enhancement of the present value of bank guarantee to be taken from the clients from Rs. one lakh to Rs. five lakhs, initiating penal action against agencies who booked advertisements on T.V. and later cancelled the contracts, initiating legal proceedings against defaulting firms who no longer were in business and from whom a sizeable amount of Rs. 1.73 crores was pending, constitution of a committee under the chairmanship of Director-General to take a final decision on all disputed cases etc. is yet to be initiated by Doordarshan. The Ministry have not explained the reasons for the delay in acting upon those recommendations. The Ministry have also not intimated the precise reasons for the delay in the constitution of the empowered committee as had been desired by the Committee in their earlier report. This clearly indicates the lack of seriousness on the part of the Ministry/Doordarshan in ensuring recovery of the pending dues which is a matter of serious concern to the Committee. The Committee desire that the recommendations made by the Group should be implemented in letter and spirit without further delay so as to rationalise the working of commercial services in Doordarshan and ensure that the governmental revenues are adequately protected.

Adherence to the Code for Commercial Advertising on Doordarshan
(Sl. No. 15—Paragraph 4.18)

12. The Code for Commercial Broadcasting is a set of guidelines laid down by the Ministry of Information & Broadcasting to ensure that while the electronic media earn the much needed revenue for their development and expansion, the advertisement telecast by Doordarshan do not in any manner detract from the accepted cultural, social and national values. The Controller of Sales in Doordarshan is charged with the overall responsibility of administering the "Code". Stressing the need for strict adherence to the Code in the telecast of commercial advertisements, the Committee in para 4.18 of their 4th Report (Tenth Lok Sabha) had recommended as follows:

"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 Information & Broadcasting 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 for 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, representative of artists, 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."

13. The Ministry of Information & Broadcasting in their action taken note on the aforesaid recommendation of the Committee have stated:

"The present arrangements for evaluation within the existing parameters which have worked sufficiently well so far are considered adequate and as such there is no proposal to set up any apex body".

14. The Code for commercial Broadcasting is a set of guidelines laid down by the Ministry of Information and Broadcasting to ensure that the advertisements telecast by Doordarshan do not detract them from playing their designated role of a socially responsible broadcasting organisation. The Controller of Sales in Doordarshan is designated as the authority to administer the Code. Emphasising the need for strict adherence to the Code in the telecast of commercial advertisements, the Committee in their earlier report had recommended that a representative apex body comprising among others representatives of artists, social scientists and other concerned interests may be constituted to provide the necessary expertise, guidance and directions to the Controller of Sales to evaluate the suitability or otherwise of advertisements in terms of the Code. In their action taken note, the Ministry of Information and Broadcasting have merely stated that the present arrangements for evaluation are considered adequate and as such there is no proposal to set up any apex body. The Ministry have neither elaborated as to how and why they considered the present arrangements to be adequate nor explained the practical difficulties faced by them, if any, in implementing the recommendation of the Committee. Evidently, the issue has not been examined by the Ministry with the seriousness that it deserved. The Committee are of the considered view that an apex body consisting of representatives from different disciplines can play a meaningful role in ensuring that the advertisements telecast by Doordarshan conform to the accepted norms and do not in any manner offend morality, decency, reality and religious susceptibilities of the people. The Committee, therefore, reiterate their earlier recommendation and would like to be apprised of the precise action taken on the same.

CHAPTER II

RECOMMENDATIONS AND OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation

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%.

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 & 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.

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."

The Committee are unable to appreciate the fixation of permissible ceiling for advertisements on adhoc basis. It is surprising that 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 adhoc 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". 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.

[Sl. No. 1 to 5, Paras 1.27 to 1.31 of 4th Report of PAC (10th Lok Sabha)]

Action Taken

The recommendation of the Committee that Doordarshan should make efforts to maximise its revenue earning potential through commercial advertisements is acceptable. In this context this Ministry had set up a committee under the chairmanship of Shri S.C. Mahalik, Additional Secretary & Financial Advisor in the Ministry of I&B to make suitable recommendations for maximising the commercial revenue of Doordarshan. A gist of the recommendations of the Committee is given in Annexure.

Pursuant to the acceptance of the major recommendations contained in the report of the above Committee, Doordarshan have already adopted a revised Fixed Point Chart (FPC) from 1st January, 1993 for providing additional slots for entertainment programmes. Boradly, the following changes have been effected in the revised FPC:

- (i) Introduction of a one-hour entertainment slot in the national programme from 8.45 p.m. to 9.45 p.m.
- (ii) Introduction of feature film on every Tuesday in the afternoon transmission in addition to the sponsored programmes and film songs twice a week.
- (iii) Extension of afternoon transmission upto 5 p.m.
- (iv) Starting of national programme at 8.30 p.m.

As regards the recommendation of the Committee to carry out a study for deciding limits for advertising time, Doordarshan has decided to immediately commission the Audience Research Unit to conduct a comprehensive survey of present utilisation. The findings of this survey when available are expected to help in deciding a benchmark of a permissible ceiling for advertising. However, at present, the advertising scene is in a state of flux on account of multiplicity of options now available to the advertisers. As is known, till the year 1991 Doordarshan was operating in a single channel monopolistic environment. The advent of foreign satellite channels provided an alternative to the television viewers in this country. The growing popularity of these channels resulted in Indian advertisers also gravitating to them, especially those interested in niche advertising of upmarket products. This process was hastened after the introduction of the Zee TV channel. The introduction of the Metro Channel from January/April 1993 meant another viable channel for the

advertiser. As a matter of fact the Metro Channel is presently the only channel available in this country which is showing a marked increase in advertisements per programme. The five satellite channels of Doordarshan introduced from 15th August, 1993 would bring about a sea change in the options available to the advertisers. These are, therefore, bound to be some major shifts as far as advertiser support to the various channels are concerned.

These developments, besides being a challenge to the primary channel also provide a welcome opportunity for bringing into sharper focus the programming on this channel, enabling it to concentrate more on its role as a public broadcast channel.

In these circumstances the current permissible limit of 5% for commercials appears adequate.

[Ministry of I & B O.M. No. 8042489-TV(P1) Vol. III dated 2.3.1994.]

ANNEXURE I

GIST OF RECOMMENDATIONS OF MAHALIK COMMITTEE ON COMMERCIAL ADVERTISEMENTS OF DOORDARSHAN

1. In order to compete with Cable T.V., Doordarshan should carve out a 4 hour entertainment slot in the afternoon.
2. The National Programme should start at 8.30 p.m. and should be restructured to accommodate one hour entertainment slot between 8.50 p.m. and 9.50 p.m. entertainment slot consisting mostly of films should be provided after 11 p.m. onwards.
3. Doordarshan should strictly adhere to the announced schedule of programmes.
4. Regional Kendras of Doordarshan should become centres of advertisements and their infrastructure properly strengthened to take on this activity so that smaller companies which operate within the limits of a particular geographical area can advertise their products in the regional service.
5. Doordarshan should provide advance in formation of its forthcoming programmes to its own Sales Offices, advertisers and advertising agencies.
6. Doordarshan should undertake attractive publicity of their forthcoming programmes on the TV screen and if necessary in the print media. Preview of this new programmes should also be arranged for advertisers.
7. Doordarshan should make available the results of audience surveys done by their own Audience Research Unit to the Advertising agents on regular intervals.
8. A review of Advertisements Code be conducted keeping in view the policy of economic liberalisation specially in a relation to the advertisements relating to foreign banks, foreign models and foreign locales.
9. Doordarshan should enter into long-term agreements with the organisers of international sports events. It would be advantageous if coverages of sports events are directly purchased by Doordarshan and marked both for sponsorship as well as spot buys.
10. Doordarshan should stop free telecast of tournaments where the organisers have sold the rights to a sponsor unless the sponsor pays the requisite telecast fee.
11. The organisation of Sales of Doordarshan should be suitably strengthened at all levels in order that Doordarshan broadens the base of advertisers.

12. A system of volume discount for advertisers on the lines of Star TV rate card be introduced for Doordarshan.

Recommendation

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.'

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 recommended 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.

[Sl. No. 627, Paras 1.32 & 1.33 of 4th Report of PAC (10th LS)]

Action Taken

The Committee set up under the chairmanship of Shri S.C. Mahalik, Additional Secretary & Financial Advisor in the Ministry of I & B made certain recommendations for the development of the marketing technique of Doordarshan commercials which are as under:

- (i) Doordarshan should provide advance information to its own Sales Office, the advertisers and the advertising agencies about the programme schedule of the coming month or two months.

- (ii) Doordarshan should invariably arrange previews of new programmes for the advertisers before their telecast actually commences. They should undertake attractive advance publicity of their forthcoming programmes on the TV screen and if necessary in the print media also.
- (iii) Doordarshan should make available the results of the audience surveys done by their own Audience Research Units to the advertising agents at regular intervals.

The recommendations made by the Committee have since been accepted by the Government.

Efforts are also being made towards adopting newer ways and means for maximising the commercial revenue generation by introduction of the following measures:

- (i) In order to popularise programmes more effectively cross channel promotional efforts were intensified and promotional capsules of different programmes are being telecast periodically.
- (ii) In order to make the Sponsorship Scheme more viable, the free commercial time was increased by 30 seconds over and above the normal entitlement for Super 'A' category programme during 8.45 to 9.45 p.m. on the National Network.
- (iii) Mega-serials and costume dramas of 45 minutes duration and above telecast in the evening Prime Time have been given an additional 60 seconds free commercial time over and above the normal entitlement with a view to making the Sponsorship of these programmes more attractive.
- (iv) Direct booking of sponsorship and commercial ads are being accepted for the Metro Entertainment Channel introduced by Doordarshan recently.

Apart from the above measures adopted by Doordarshan, the commercial staff of Doordarshan are proposed to be sent for suitable training courses to make the marketing more effective and better customer-oriented in the competitive scenario.

[Ministry of I & B. O.M. No. 804/24/89-TV (P1) Vol. III dt. 2.3.1994]

Recommendation

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 periodically 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.

[Sl. No. 9, Para 2.14 of 4th Report (10th LS)]

Action Taken

The irregular review/revision of the tariff structure for commercial advertising on Doordarshan was to a great extent a manifestation of the monopolistic position enjoyed by Doordarshan. The ground reality today is vastly different and an annual review of the rate card for commercial advertisement on Doordarshan's primary channel appears inevitable. This would meet the point made by the PAC for a constant monitoring of various factors having a bearing on the commercial revenue of Doordarshan.

A major exercise is in progress to simplify the rate structure and to rationalise the Code for Commercial Advertising on Doordarshan.

[Ministry of I & B O.M. No. 804/24/89-TV (P1) Vol. III dt. 2.3.1994]

Recommendation

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.

[Sl. No. 10, Para 2.15 of 4th Report (10th LS)]

Action Taken

In terms of the provision contained in the regulations for registration and accreditation of advertising agencies with Doordarshan, industries certified as Small Scale Industries by the Central or State Governments including Cottage, Handicraft and Village industries who advertise through Doordarshan direct are already eligible for a concession of 15% in the prescribed rates.

[Ministry of I & B O.M. No. 804/24/89-T.V. (P1) Vol. III dt. 2.3.1994]

Recommendation

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 disire 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 have the way for reducing the number and amount of the disputed bills.

[Sl. No. 14, Para 3.24 of 4th Report (10th LS)]

Action Taken

The billing and payments for advertisements has been computerised.
[Ministry of I & B O.M. No. 804/24/89-TV (P1) Vol. III dt. 2.3.1994]

Recommendation

The Committee also recommended 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."

[Sl. No. 16, Para 4.19 of 4th Report (10th LS)]

Action Taken

A major exercise is in progress to simplify the rate structure and to rationalise the Code for commercial advertising on Doordarshan.

[Ministry of I & B O.M. No. 804/24/89-TV(P1) Vol. III dt. 2.3.1994]

CHAPTER III

RECOMMENDATIONS AND OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN THE LIGHT OF REPLIES RECEIVED FROM GOVERNMENT

Recommendation

Keeping in mind 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.

[Sl. No. 8, Para 1.34 of 4th Report (10th LS)]

Action Taken

While augmentation of the strength of Doordarshan's marketing wing in a big way in the near future seems difficult in view of the general economy instructions issued by the Ministry of Finance and the ban imposed on creation of posts, yet the following important measures have been adopted within the constraints of the existing resources:

- (i) Discussions and consultations are being held at more frequent intervals with various agencies representing the industrial houses for eliciting their suggestions to increase the volume of business as well as better client servicing,
- (ii) on-the-spot redressal of grievances relating to clearance of story boards, bills, films etc. in various commercial centres,
- (iii) computerisation of work relating to billing and payments for advertisements,
- (iv) introduction of commercial services at Jaipur,
- (v) direct booking of sponsorships and commercial ads for the Metro Entertainment Channel.

Apart from the above, a major exercise has been undertaken to simplify the commercial rate structure and to rationalise the code for commercial advertisements on Doordarshan. Further, the modalities for formulating the rate-cards for commercial advertisements and sponsorships of programmes for the satellite channels including the regional services are being worked out.

[Ministry of I & B, O.M. No. 804/24/89-TV(P1) Vol. III dt. 2.3.1994]

Recommendation

The Committee find that since the inception of the scheme till March, 1989, the Government had paid an amount of Rs. 70 crores as commission

to the advertising agencies, 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 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.

[Sl. No. 11, Para 2.16 of 4th Report (10th LS)]

Action Taken

The suggestion for giving a graded commission to the advertising agencies may not be feasible to accept as that would amount to a major departure from an accepted convention. The graded commission, if introduced, may not have a long term benefit to Doordarshan as the agencies who might not be able to compete with the bigger ones, in terms of volume of business, may ultimately shift their preference to the print media instead. However, this recommendation will be kept in view at the time of the next review of the commercial rate-card of Doordarshan.

[Ministry of I & B, O.M. No. 804/24/89-TV (P1) Vol. III, dt. 2.3.1994]

CHAPTER IV

RECOMMENDATIONS AND OBSERVATIONS REPLIES TO WHICH HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION

Recommendations

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 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 'System 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.

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 decision regarding setting up of the internal team and the empowered committee.

[Sl. Nos. 1213, Para 3.22 & 3.23 of 4th Report (10th LS)]

Action Taken

Consequent upon the recommendations made by the PAC, a small group was constituted under the Chairmanship of the ADG(A),

Doordarshan for the purpose of monitoring and recovering the arrears of commercial revenue in Doordarshan. The Group has submitted its report. A gist of the recommendations is enclosed.

Pursuant to the Committee's recommendations, intensified efforts were made to clear the outstanding dues from defaulting agencies. The outstanding dues for the year 1991-92 were brought down to Rs. 9.41 crores against a gross collection of Rs. 300.61 crores while for the year 1992-93, the outstanding dues were reduced to Rs. 5.38 crores against a gross collection of Rs. 360.23 crores.

[Ministry of I & B, O.M. No. 804/24/89-TV (P1) Vol. III, dt. 2.3.1994]

ANNEXURE II

RECOMMENDATIONS FOR IMPROVEMENT IN THE WORKING OF OCS.

- (a) With a view to eliminate the lapses and establish faster means of communication, it is necessary that fax system should be installed in the Office of Controller of Sales, New Delhi and at all Commercial Kendras in the country (It is understood that this system has already been installed).
- (b) For effective co-ordination between the Office of Commercial Sales and the Commercial Capsule Production Section in DDK, Delhi it is necessary that later is brought under the administrative controller of Controller of Sales. (This has also been done *vide* DG:DD order dated 3.11.92).
- (c) At present a bank guarantee of Rs. 1.0 lakh is taken from the clients which is later adjusted against the bills raised by DCS in case agency defaults in payment. As in many cases, the business of the clients is running into several lakhs of rupees, it is proposed that the bank guarantee be raised from Rs. 1.0 lakh to Rs. 5.0 lakhs. This would safeguard the interest of DCS to a great extent in the event of some client becoming broke.
- (d) It is observed that many agencies after booking an advertisement on TV later cancel the contract. This results in Doordarshan losing the slot altogether, involving loss of revenue. DCS should impose a reasonable penalty in such cases of cancellation of contracts.
- (e) There is need for computer linking between the Office of DCS and all Commercial Kendras. This would help receiving telecast certificates on time from regional kendras and relaying of advice in respect of commercial spots to be telecast over Kendras. (Action on this suggestion has also been initiated by taking up the matter with the Engineering Wing).
- (f) As mentioned in para 3.5 above, there are a number of firms which are no longer in business and from whom a sizeable amount of Rs. 1.73 crore is outstanding. Action will have to be initiated to start legal proceedings against these firms for recovery of payments. This work cannot be done by the staff in DCS whose strength is already inadequate. DCS should consider taking the assistance of a private

legal expert to initiate legal proceedings against them and recoverings outstanding amount from them.

- (g) A Committee should be constituted under the Chairmanship of DG, as recommended in para 3.4 to take a final decision on all disputed cases.
- (h) The staff strength in DCS should be immediately increased based on the report of IWSU submitted to the Ministry.

Recommendation

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 advertisement in terms of the "Code". This apex body may include, among others, representative 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".

[Sl. No. 15, Para 4.18 of 4th Report (10th LS)]

Action Taken

The present arrangements for evaluation within the existing parameters which have worked sufficiently well so far are considered adequate and as such there is no proposal to set up any apex body.

[Ministry of I&B, OM No. 804/24/89-TV(P1) Vol. III, dt. 2.3.1994]

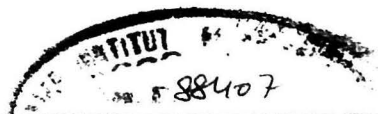
CHAPTER V

RECOMMENDATIONS AND OBSERVATIONS IN RESPECT OF WHICH GOVERNMENT HAVE FURNISHED INTERIM REPLIES

-NIL-

NEW DELHI;
20 October, 1994
28, Asvina, 1916 (*Saka*)

BHAGWAN SHANKAR RAWAT,
Chairman,
Public Accounts Committee.



PART II
MINUTES OF THE EIGHTH SITTING OF THE PUBLIC ACCOUNTS
COMMITTEE HELD ON 19 SEPTEMBER, 1994

The Committee sat from 1100 hrs. to 1200 hrs. on 19 September, 1994 in Committee Room No. 'C' Parliament House Annexe, New Delhi.

PRESENT

Shri Bhagwan Shankar Rawat — *Chairman*

MEMBERS

2. Shri Bhandaru Dattatraya
3. Shri Dileep Singh Bhuria
4. Sqn. Ldr. Kamal Chaudhry
5. Dr. K.V.R. Chowdary
6. Shri Sharad Dighe
7. Shri Mrutyunjaya Nayak
8. Shri V. Krishna Rao
9. Shri Mohan Singh
10. Shri Somappa R. Bommai
11. Shri Triloki Nath Chaturvedi
12. Miss Saroj Khaparde
13. Shri Murasoli Maran
14. Shri G.G. Swell

SECRETARIAT

1. Smt. Paramjeet Kaur Sanonu — *Director*
2. Shri P. Sreedharan — *Under Secretary*

REPRESENTATIVES OF AUDIT

1. Shri P.K. Brahma — Pr. Director
(Indirect Taxes)
2. Shri B.M. Oza — Pr. Director
(Central Revenues)
3. Shri Vikram Chandra — Pr. Director, Reports (Central)
4. Shri K.S. Menon — Pr. Director
(Air Force & Navy)
5. Smt. Revathi Bedi — Director
(Air Force & Navy)
6. Smt. Ruchira Pant — Director (Customs)

The Committee considered the following draft Reports.

(i) Doordarshan Commercial Service [Action Taken on 4th Report of PAC (10th Lok Sabha)].

[illegible]

(iii) ** ** **

2. The Committee adopted the draft Report at Serial No. (i) with the addition of the word “reality” after “decency” appearing in page 10, para 14 (fourth line from bottom) of the draft Report. The Committee adopted the draft Reports at Serial Nos. (ii) & (iii) without any amendment/modification.

3. The Committee authorised the Chairman to finalise these draft reports in the light of other verbal and consequential changes suggested by some Members and also those arising out of factual verification by Audit and present the same to Parliament.

4. ** ** **

The Committee then adjourned.

APPENDIX

Statement of Conclusions/Recommendations

Sl. No.	Para No.	Ministry/ Deptt. Concerned	Recommendations/Conclusions
1	2	3	4
1.	6	Min. of I&B	The Committee note that in pursuance of their recommendation to carry out a study for deciding limits for advertising time, Doordarshan has decided to commission the Audience Research Unit to conduct a comprehensive survey of the present utilisation. According to the Ministry of Information & Broadcasting, the findings of the survey when available are expected to help in deciding the benchmark of permissible ceiling for advertising. Since a period of about three years has already elapsed after the presentation of the report, the Committee desire that the survey should be expeditiously completed and necessary follow-up action taken with a view to maximising the revenue earning potential of Doordarshan through commercial advertisements without eroding their social responsibility. The Committee also trust that while formulating the revised permissible ceiling for advertising, the Ministry would also take note of the factors arising out of the present competitive environment in the telecast of commercial advertisements.
2.	10	Min. of I&B	In their earlier report the Committee had expressed their concern over the heavy outstanding dues from advertising agencies to the extent of Rs. 2.52 crores upto January 1991 and had underlined the need for conducting a study of the existing procedures for billing in commercial services and formulation of revised guidelines in the matter. The Committee had also expressed their unhappiness over the delay on

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			<p>the part of Doordarshan in implementing their own decisions taken in April 1989 for constituting an internal team to collect and compile information in respect of each disputed bill and analysing it and also the delay in setting up of an empowered committee to take final decision in each case. The Committee are concerned to note from the action taken reply that the outstanding dues for the years 1991-92 and 1992-93 amounted to Rs. 9.41 crores and Rs. 5.38 crores respectively. The Ministry of Information & Broadcasting have sought to explain that the level of pendency was less as the outstanding dues for the two years referred to above were against the gross collection of Rs. 300.61 crores for the year 1991-92 and Rs. 360.23 crores for the year 1992-93. The Committee are not satisfied with this reply and desire that vigorous efforts should be made to realise the governmental dues from the defaulting agencies. They would like to be informed of the progress made in the matter at the earliest.</p>
3.	11	Min. of I&B	<p>The Committee further note that, in pursuance of their recommendation, a small Group was constituted by Doordarshan for the purpose of monitoring and recovering the arrears of commercial revenue in Doordarshan. From the gist of recommendations made by the said Group and the action taken on the same, the Committee regret to note that action in respect of several recommendations like enhancement of the present value of bank guarantee to be taken from the clients from Rs. one lakh to Rs. five lakhs, initiating penal action against agencies who booked advertisements on T.V. and later cancelled the contracts, initiating legal proceedings against defaulting firms who no longer were in business and from whom a sizeable amount of Rs. 1.73 crores was pending, constitution of a committee under the chairmanship of Director-General to take a final decision on all disputed cases etc. is yet to be initiated by Doordarshan. The Ministry have not ex-</p>

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			<p>plained the reasons for the delay in acting upon those recommendations. The Ministry have also not intimated the precise reasons for the delay in the constitution of the empowered committee as had been desired by the Committee in their earlier report. This clearly indicates the lack of seriousness on the part of the Ministry/Doordarshan in ensuring recovery of the pending dues which is a matter of serious concern to the Committee. The Committee desire that the recommendations made by the Group should be implemented in letter and spirit without further delay so as to rationalise the working of commercial services in Doordarshan and ensure that the governmental revenues are adequately protected.</p>
4.	14	Min. of I&B	<p>The Code for commercial broadcasting is a set of guidelines laid down by the Ministry of Information and Broadcasting to ensure that the advertisements telecast by Doordarshan do not detract them from playing their designated role of a socially responsible broadcasting organisation. The Controller of Sales in Doordarshan is designated as the authority to administer the Code. Emphasising the need for strict adherence to the Code in the telecast of commercial advertisements, the Committee in their earlier report had recommended that a representative apex body comprising among others representatives of artists, social scientists and other concerned interests may be constituted to provide the necessary expertise, guidance and directions to the Controller of Sales to evaluate the suitability or otherwise of advertisements in terms of the Code. In their action taken note, the Ministry of Information and Broadcasting have merely stated that the present arrangements for evaluation are considered adequate and as such there is no proposal to set up any apex body. The Ministry have neither elaborated as to how and why they considered the present arrangements to be adequate nor ex-</p>

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plained the practical difficulties faced by them, if any, in implementing the recommendation of the Committee. Evidently, the issue has not been examined by the Ministry with the seriousness that it deserved. The Committee are of the considered view that an apex body consisting of representatives from different disciplines can play a meaningful role in ensuring that the advertisements telecast by Doordarshan conform to the accepted norms and do not in any manner offend morality, decency and religious susceptibilities of the people. The Committee, therefore, reiterate their earlier recommendation and would like to be apprised of the precise action taken on the same.

