

**CHAPTER V : MINISTRY OF INFORMATION AND  
BROADCASTING**

**5 Prasar Bharati**

**5.1 Avoidable payment of interest**

**Delay in processing of payments due to M/s Asia Pacific Broadcasting Union, Malaysia by Prasar Bharati resulted in avoidable payment of interest of Rs. 27.87 lakh.**

The Asia Pacific Broadcasting Union (ABU) obtained the exclusive broadcasting rights to the XXIX Beijing Olympic Games 2008 from the International Olympic Committee and the Beijing Organizing Committee for the Games.

In order to secure broadcasting rights for the Beijing Olympics 2008 in the territory of India, Prasar Bharti offered (September 2006) to pay US \$ 3 million to ABU. ABU accepted (October 2006) the offer with the stipulation that the payment would be made net of all taxes in two equal instalments by 31 October 2006 and 30 January 2007 respectively. A formal agreement in this regard between ABU and Doordarshan was signed on 27 April 2007. Accordingly, ABU raised invoices on 9 October 2006 for the first instalment and on 30 January 2007 for the second instalment. As per the invoices interest at LIBOR<sup>16</sup> plus three *per cent* would be charged on late payment.

It was noticed in Audit that after receiving the invoices for the first and second instalments on 9 October 2006 and 30 January 2007, Doordarshan issued sanction orders on 7 November 2006 and 12 March 2007 after delay of 7 days and 40 days of scheduled date of payment for the first and second instalments respectively. The Central Production Centre (CPC) which was responsible for releasing the payment made further delay of more than three months in seeking allocation of funds on 21 February 2007 for the first installment and on 20 March 2007 for the second instalment. Doordarshan made final payments of first instalment on 12 March 2007 and second instalment on 12 July 2007 against the scheduled dates of payment of 31 October 2006 and 30 January 2007 respectively.

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<sup>16</sup> London Inter-bank Offered Rate is a daily reference rate based on the interest rates at which banks borrow unsecured funds from other banks in the London wholesale money market

Consequently, Prasar Bharati had to pay interest of Rs. 27.75 lakh for late payment of the instalments due to ABU.

Similarly, in the case of Winter Olympics at Torino in 2006, Prasar Bharati had to pay interest of Rs. 12,000 on late payment of US \$ 5500.

Thus, due to delay in issuing sanction orders, seeking allocation of funds and release of funds to ABU, Prasar Bharati had to suffer loss of Rs. 27.87 lakh on account of interest charges which could have been avoided had it made the payment on time.

The matter was referred to the Ministry in August 2009; their reply was awaited as of February 2010.