

CHAPTER XIV : MINISTRY OF INFORMATION AND BROADCASTING

14.1 Non-recovery of outstanding dues

Failure of Director, Doordarshan Kendra, Thiruvananthapuram, in not realising the advertisement charges and interest of Rs 5.77 crore in time resulted in undue financial benefit to the accredited agencies.

Mention was made in paragraph 11.12 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1997; No. 2 of 1998-Union Government (Civil) about deficiency in the system of billing and monitoring of the collection of dues for advertisements telecast by the accredited agencies and negligence of three Doordarshan Kendras in realising the interest on delayed payment and penal action against defaulters.

Further test check of the accounts of Doordarshan Kendra, Thiruvananthapuram, pertaining to the period April 1995 to October 1999 disclosed that 54 accredited agencies delayed payment of dues ranging from 19 days to 54 months. The amount of default including interest of Rs 18.79 lakh stood at Rs 5.77 crore as of October 1999.

Of the above defaulters, 22 accredited agencies defaulted in payment of dues on more than three occasions in a year. Yet the Director, Doordarshan Kendra, Thiruvananthapuram did not cancel their accreditation in terms of the agreement. Some of the major agencies from whom dues with interest were outstanding were Prime-time-IP Media Services (Rs 162.58 lakh), Innovation Advertising and Marketing (Rs 73.46 lakh), Rediffusion (Rs 40.12 lakh), Mc Cann Erickson (I) Pvt. Ltd. (Rs 33.38 lakh), R.K.Swamy/BBDO Advertising Mumbai (Rs 24.94 lakh) and Hansa Vision (Rs 14.83 lakh).

Thus, failure of Director, Doordarshan Kendra, Thiruvananthapuram, to realise the advertisement charges and interest of Rs 5.77 crore in time and to cancel the accreditation for default in payment of dues resulted in financial benefit to agencies. As recommended earlier, the system for realisation of dues and action for default needs strengthening and streamlining.

The matter was referred to Ministry in September 1999; their reply was awaited as of December 1999.

14.2 Undue benefit to sponsor of the programme 'Yug'

Decision of DG Doordarshan to allow FCT to the sponsor of programme Yug treating 40 minutes programme as a 60 minutes programme resulted in an undue benefit of Rs 4.18 crore to the sponsor with a corresponding loss to Doordarshan.

Doordarshan charges sponsorship fee and provides FCT to the sponsors in accordance with its Rate Card. The sponsors sell the free commercial time for commercials to recover their cost of production, pay sponsorship fee to Doordarshan and the balance is retained as their profit. The Rate Card approved from time to time prescribes the amount of sponsorship fee to be levied by Doordarshan and FCT to be provided to the sponsors for different types and time slots of programmes. The rates are generally prescribed with reference to a programme of 30 minutes duration.

Cases of undue benefit of Rs 21.82 crore to sponsors and equivalent loss of opportunity cost to Doordarshan due to arbitrary application of Rate Card in odd duration programmes, not explicitly mentioned in the Rate Card, were pointed out in Audit Reports for the years ended March 1996, March 1997 and March 1998 (No. 2 of 1997, No.2 of 1998 and No. 2 of 1999) as under :

Inappropriate principle in application of Rate Card for odd duration programmes led to undue benefit to sponsors.

S. No.	Name of the Programme	Duration (Minutes)	Period	FCT per episode (Seconds)		Value of excess FCT (Rs in lakh)	Reference to paragraph to Audit Report
				Actually given	Admissible pro-rated		
1.	News Tonight	20	February 95 to March 95	210	120	62.53	11.1 (No.2 of 1997)
		20	April 95 to June 95	210	140	37.33	
2.	Aaj Tak	20	July 95 to October 96	210	140	537.90	11.2 (No.2 of 1997)
3.	Nazaare	05	March 95 to September 95	90	30	198.87	11.4 (No.2 of 1997)
4.	Sri Krishna	45	September 95 to January 96	240	180	54.88	11.6 (No.2 of 1997)
5.	Entertainment Now	05	325 episodes from June 96 to October 97 and 65 episodes thereafter	110	35	686.00	11.6 (No.2 of 1998)
6.	Metro Club	20	August 95 to June 96	210	140	253.00	11.9 No.2 of 1998)
7.	Hello Bombay	20	July 95 to February 96	210	140	42.38	11.9 (No.2 of 1998)
8.	Main Dilli Hoon	45	August 97 to November 98	210	135	309.30	9.1 (No.2 of 1999)
Total value of excess FCT						2182.19	

1 Director General

2 Free Commercial Time

The incorrect application of the rules was brought to the notice of DG Doordarshan in the past.

In all these cases, DG Doordarshan treated the programmes of odd durations of 20 and 5 minutes as programmes of 30 minutes and 15 minutes respectively for the purposes of charging sponsorship fee and grant of FCT rather than pro-rating them. This resulted in disproportionately higher FCT to the sponsors with only a marginal gain in the sponsorship fee. Yet DG Doordarshan continued to follow the incorrect procedure despite having been pointed out by Audit.

DG Doordarshan approved a non-film based Hindi serial titled 'Yug' of 40 minutes duration for telecast on National Network of Doordarshan at 2.50 p.m., a 'B'- category slot, for three days a week from September 1996 and five days a week from November 1996. As per Doordarshan's Rate Card, the sponsorship fee for 'B' category programme of 30 minutes duration on National Network of Doordarshan was Rs 25,000 with FCT of 150 seconds per episode. The *pro-rata* sponsorship fee for 40 minutes programme would be Rs 33,000 with FCT of 200 seconds.

With the revision of Rate Card from 15 November 1996, wherein the sponsorship fee was raised to Rs 75,000 with 150 seconds of FCT, the *pro-rata* sponsorship fee for 40 minutes programme became Rs one lakh with FCT of 200 seconds.

Doordarshan treated the serial 'yug' of 40 minutes duration as of one hour duration.

DG Doordarshan charged sponsorship fee at the rate of Rs 50,000 per episode for 21 episodes telecast up to 14 November 1996 and Rs 1.50 lakh per episode for 195 episodes telecast from 15 November 1996 to August 1997 and allowed FCT of 300 seconds, treating the 40 minutes programme as of one hour duration.

By this DG Doordarshan provided undue benefit of Rs 4.18 crore to the sponsor

Under this arrangement, by paying additional sponsorship fee of Rs 17,000 and Rs 50,000 over and above the pro-rated amount, the producer got the benefit of Rs 1.50 lakh, being the value of extra FCT at Doordarshan spot buy rate per episode up to 14 November 1996 and Rs 2.50 lakh per episode after the revision of the Rate Card from 15 November 1996. DG Doordarshan, thus allowed undue benefit of Rs 4.18 crore to the sponsor TNE Asia Television, News Entertainment for 216 episodes telecast up to August 1997 as per the details given below :

Value of excess FCT provided to the sponsor

Period	No. of Episodes	FCT per episode in seconds				Total value of excess FCT (Rs in lakh)
		Admissible	Allowed	Excess	Value ³ of excess FCT per episode (Rs in lakh)	
Sept. 96 to 14 Nov. 96	21	200	300	100	1.50	31.50
15 Nov. 96 to Aug 97	195	200	300	100	2.50	487.50
Total value of excess FCT given to the sponsor (A)						519.00

Additional sponsorship fee obtained					
Period	No. of Episodes	Sponsorship Fee (per episode) (Rs in lakh)			Total Additional sponsorship fee. (Rs in lakh)
		Chargeable	Charged	Excess	
Sept. 96 to 14 Nov. 96	21	0.33	0.50	0.17	3.57
15 Nov. 96 to Aug. 97	195	1.00	1.50	0.50	97.50
Additional sponsorship fee recovered from the sponsor (B)					101.07

Undue benefit to the sponsor with commercial loss of opportunity cost to Doordarshan (A) - (B)	417.93
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Controller of Sales, Doordarshan repeated the same justification in January 1999 as in the past, that as per the practice, programme up to 15 minutes are charged sponsorship fee applicable for 15 minutes and programmes exceeding 15 minutes and up to 30 minutes are charged sponsorship fee for 30 minutes. It had already been communicated to DG Doordarshan in the past that the position explained by them was not acceptable. But this arbitrary interpretation permits the sponsors/producers undue benefit in the form of extra FCT against a payment of only marginally increased sponsorship fee without involvement of any extra expenditure towards cost of production required for the full slot.

The Ministry stated in November 1999 that *pro-rata* charging was not in practice nor was it as per the provisions of Rate Card. It added that the vacuum if any, created by FCT is not automatically filled by 'spot buys'. It further added that mere availability of commercial time does not bring any revenue unless it is consumed, and with the increase in sponsored programmes, a large inventory of FCT is available in the market and this is the major reason for decrease in sale of spot buys.

The reply of the Ministry is not tenable. The undue benefit derived by the sponsors for odd duration programmes by not pro-rating them was

³ Value of FCT – Rs 15,000 per 10 seconds upto 14 November 1996 and Rs 25,000 per 10 seconds thereafter.

discovered by Doordarshan in January 1996. Consequently, they revised the telecast fee and FCT on *pro-rata* basis in the case of serial 'Sri Krishna' Moreover, as per the Rate Card Doordarshan reserves the right to charge telecast fee on proportionate basis with proportionate FCT. As such, justification advanced by the Ministry that this was neither in practice nor provided in the Rate Card is not valid.

Ministry's reply that revenue would not be generated unless FCT is consumed is also not tenable since it has been observed from FCT consumption statement supplied by the Ministry for 208 episodes of this serial telecast that only in 47 episodes FCT consumed was less than and equal to 200 seconds, and in 161 episodes the consumption of commercial time was above 200 seconds with consumption of commercial time in some episodes as high as above 800 seconds. Thus, the commercial time availed in 161 episodes telecast was much in excess of proportionate/admissible FCT of 200 seconds.

Thus, Doordarshan and Ministry have justified their inappropriate action on the basis of incorrect facts.

14.3 Recovery at the instance of Audit

Upon being pointed out by Audit, the Chief Engineer, All India Radio and Doordarshan recovered Rs 76.25 lakh from BEL¹.

DG Doordarshan placed order for TV transmitters in March 1992.

In March 1992, the Director General, Doordarshan placed an order for two Solid State TV Transmitters of 10 K.W. with Single valve Band-III Mark-IV with dual amplification and station items on BEL, Bangalore at a total cost of Rs 2.86 crore. These were meant for Mussoorie and Jalandhar Doordarshan Kendras. Under clause VIII of the supply order, 40 *per cent* of the value of order was to be released on placement of the order. Accordingly, Rs 1.14 crore was paid as advance to supplier firm.

DG Doordarshan amended supply order and imposed condition to recover interest on advance.

Subsequently, the Director General, Doordarshan amended the description/specification of transmitters and issued a revised supply order in February 1995 conveying revised description as 10 KW Band-III TV Transmitter (NEC Model No. PCU 1610 SSPH/1-Dual Exciter, Dual Blower) plus station items. As per terms of the revised order, the advance of Rs 1.14 crore was to be recovered with commercial interest while releasing 90 *per cent* payment of the equipment against inspection and despatch certificate.

Rs 76.25 lakh being interest has been recovered at the instance of Audit.

This was pointed out by Audit in November 1995 and again in April 1998, that interest amounting to Rs 76.25 lakh was not recovered. The Chief Engineer (North Zone) AIR and Doordarshan stated in October 1999 that full recovery of Rs 76.25 lakh as pointed out by Audit has been made from BEL.

¹ Bharat Electronics Ltd.

14.4 Follow up on Audit Reports

Despite repeated instructions/recommendations of the PAC, the Ministry did not submit remedial/corrective ATNs¹ on six Audit Paragraphs.

Review of outstanding ATNs on paragraphs included in the Reports of the Comptroller and Auditor General of India - Union Government (Civil) as of November 1999 revealed that the Ministry has failed to submit ATNs in respect of six Paragraphs included in the Audit Reports up to and for the year ended March 1997 as detailed below:

Audit Report for the year ended March@	Paragraph number	Subject
1995 (2 of 1996)	3.11	Non-recovery of outstanding dues.
1996 (2 of 1997)	11.1	Undue benefit to the producer of programme 'News Tonight'.
1997 (2 of 1998)	11.6	Undue benefit of Rs 6.86 crore: 'Entertainment Now'
1997 (2 of 1998)	11.9	Loss due to excess FCT in programmes 'Metro Club' and 'Hello Bombay'
1997 (2 of 1998)	11.10	Undue benefit to sponsors
1997 (2 of 1998)	11.12	Non recovery of outstanding dues

@ The Audit Reports for the year ended March of any year are generally presented in the following year.

The position of pending ATNs was referred to the Ministry in December 1999; their reply was awaited as of January 2000.

¹ Action Taken Notes