CHAPTER III: MINISTRY OF INFORMATION AND BROADCASTING

3.1 'Frequency Modulation' Radio Coverage

FM Radio Project set up with the objective of taking radio to the masses failed on a number of fronts. The FM stations were not commissioned in time and there were delays in setting up the stations. Injudicious selection of sites led to large scale cost escalation. The department failed to harness the human resources, which resulted in delay in commissioning of the FM stations due to non-posting of staff, even while there were surplus staff in some stations. Equipments worth Rs 16.96 crore were not installed. There were overpayments in procurement of transmitters. The department failed to achieve broadcasting target of 70 per cent Outstation Broadcasting based programme and also failed to provide programmes on community service, helpline service and programmes prepared by local talent.

Highlights

Against the target of commissioning 133 radio stations by March 1997, only 122 radio stations were commissioned as of February 2001 with delays ranging from three to 132 months.

Delay in completion of civil works of 28 projects in 6 States led to extra expenditure of Rs 5.70 crore. Delay in completion of civil works was upto five years in certain cases. Expenditure of Rs 4.41 crore became un-productive due to injudicious selection of site.

Reduction in licence fee chargeable from private operators resulted in revenue loss of Rs 17.79 crore to the Government.

Government of India abolished certain posts and ordered the transfer of surplus staff. Despite these instructions, an expenditure of Rs 1.92 crore was incurred on surplus staff retained by 31 stations.

Transmitters, studio equipment etc. valuing Rs 15.41 crore remained unutilised for periods ranging from 11 months to 88 months. Equipment worth Rs 1.55 crore were purchased even before acquisition of land and remained un-utilised.

Staff for two radio stations in Kerala and Bihar set up at a cost of Rs 4.39 crore had not been sanctioned leading to non-operation of the stations.

There was an overpayment of Rs 90.88 lakh in the purchase of transmitters.

Due to inadequate viability study for setting up of a project, the project set up at a cost of Rs 2.19 crore had to be shifted to another site.

The shortfall in the duration of Outstation Broadcasting based programmes ranged from 21 to 100 *per cent* and the shortfall in coverage of villages was 74 *per cent*.

Actual expenditure exceeded even revised estimated cost by Rs 82.77 lakh in case of five radio stations.

3.1.1 Introduction

All India Radio (AIR) started Frequency Modulation (FM) broadcasting radio stations at Kolkata, Chennai, Delhi and Mumbai during the VI Five Year Plan. The advantage of FM broadcasting lies in its uniform and high quality reception. FM coverage was extended, during the Seventh Five Year Plan, to rural and remote areas and also to compensate for winter and night time shrinkage of reception areas by Medium Wave Transmitters. The main purpose of the project was to take radio to the masses. 133 FM radio stations were targeted to be installed by 31 March 1997, the end of the Eighth Plan.

3.1.1.1 Objectives

The objectives of setting up of the FM radio stations were to:

- Serve the small area of the district as a basic utility service;
- Provide opportunity to local talent;
- Provide sustained community service by local authorities such as police, emergency service, education, farm scientists etc.;
- Serve as a two way communication between the listeners and extension agencies of various government departments;
- Organise 'Helpline' services to the listeners in employment, education, housing, law and family planning programmes;

3.1.2 Scope of Review

Functioning of FM Radio was last reviewed in Audit (Report No. 2 of 1995 of the Comptroller and Auditor General of India) in 1993-94. That review had brought out, amongst others, instances of delay in commissioning of stations, excess expenditure, injudicious selection and delay in acquisition of sites, improper utilisation of manpower resources and stations, etc. The present review disclosed that the organisational and operational weaknesses pointed out by Audit in the earlier review persist and the project has failed to achieve its principal objectives, as brought out in paragraphs below.

3.1.2.1 Audit Objectives

The present review was conducted keeping in view the following specific objectives:

- To ascertain whether the targets for setting up of FM Stations were achieved;

- To ascertain if the manpower earmarked for the Scheme was appropriately harnessed and whether shortage of staff was a constraint;
- To assess the delivery of the package of services, and in particular to ascertain whether:
  - The stations provided opportunity to local talent.
  - The stations provided sustained community service by local authorities.
- In general to ascertain whether the FM Stations were able to take radio to the masses.

3.1.2.2 Coverage

Records maintained by 97 FM radio stations in 21 States, offices of the Chief Engineers (Projects and maintenance), North, East, South, and West Zones and offices of the Director General (All India Radio) and Ministry of Information & Broadcasting for the period 1994-95 to 1999-2000 were test checked by Audit.

3.1.3 Organisational set up

DG (AIR)[1], Ministry of Information and Broadcasting is in overall charge of the FM Broadcasting service. Chief Engineers (All India Radio & Television) are responsible for installation of equipment and construction of civil works at Zonal level (North, East, South and West). FM radio stations ranging from one to fourteen in each state work under the supervision of Station Director/Station Engineer with supporting technical, programme and administrative staff. While the programme staff is responsible for the preparation and broadcasting of programmes, the technical staff is responsible for the operation and maintenance of transmitters and studio equipment.

3.1.4 Finance

There was no separate budget for setting up and maintenance of FM radio stations, as it forms part of 'Sound Broadcasting Budget'. As per information furnished by AIR, a sum of Rs 141.30 crore was incurred during 1993-94 to 1999-2000 (except in 1996-97) on setting up of FM radio stations. Details of year-wise expenditure incurred were as under: -

(Rs in crore)

Year	Expenditure	Year	Expenditure
1993-94	36.15	1997-98	10.43
1994-95	33.61	1998-99	10.58
1995-96	32.20	1999-00	18.33
1996-97	--	**Total**	**141.30**

There was a drastic fall in expenditure commencing with 1996-97. No expenditure details are available for 1996-97. The sudden increase in 1999-2000 is indicative of the renewed policy support the programme has

[1] Director General (All India Radio)

acquired. The programme has neither been financed on a sustained basis, nor has the original emphasis been retained.

3.1.5 Targets and Achievement

It was expected that, on the completion of Eighth Plan (31 March 1997) there would be 133 FM radio stations. However, several snags like delay in civil works, installation of equipments, non-posting of staff etc., lead to there was inordinate delays in commissioning of stations. Initial survey was not under taken to assess listenership and almost 35 *per cent* of the stations were commissioned after completion of target date. Even after the revision of target dates, there were delays in commissioning of stations. There was further delay in broadcasting even after the stations were technically fit. As of February 2001, only 122 FM radio stations had been commissioned.

3.1.5.1 Delay in commissioning of FM radio stations

(a) Audit found that in 11 states of **Andhra Pradesh, Assam, Bihar, Karnataka, Kerala, Nagaland, Orissa, Rajasthan, Tamil Nadu, Tripura and West Bengal** there were delays in commissioning of 52 stations, ranging from 3 to 132 months as shown in **Annex-I**.

(b) In the case of stations located in **Gujarat, Madhya Pradesh, Maharashtra** and in Union Territory of **Daman** target date (year or month) by which station was to be commissioned was not available with the department. The delay in actual commissioning of the station calculated on the basis of installation of the transmitter ranged up to 33 months as shown below: -

Sl. No.	States/UT	No. of stations	Date of installation	Month of actual commissioning	Delay in months
1.	Gujarat	1	Feb. 90	Feb. 91	12
2.	Madhya Pradesh	10	Oct. 89 to Aug. 92	April 91 to April 93	9 to 32
3.	Maharashtra	12	Feb.90 to Mar.94	Nov.90 to Dec.96	9 to 33
4.	Daman	1	March 94	April 95	12
Total		**24**			

The delay was attributed to delays in posting of maintenance staff, handing over of sites, construction work (civil) and non-receipt of date of inauguration from the Ministry of Information and Broadcasting. This points to the absence of any synchronised planning. These are discussed in the succeeding paragraphs.

3.1.5.2 Delay in commissioning of Stations even after capital cost and target dates were revised.

It was noticed that out of 95 projects for which information was available, the capital cost was revised in respect of 88 projects resulting in increase of capital cost ranging between 10, and in one case, 228 *per cent* of the original approved cost. Instances where increase in capital cost of the FM Radio Station was 70 *per cent* and higher are tabulated below: -

DG (AIR) made upward revision of capital cost of 88 projects of FM Radio Stations.

(Rs in crore)

Sl. No.	Station	Capital cost				Percentage increase
		Original		Revised		
		Rs	Month	Rs	Month	
1.	Dhubri	1.77	6/86	3.29	3/93	86
2.	Guna	1.71	8/86	3.38	2/90	98
3.	Hazaribagh	1.71	6/86	3.17	5/90	82
4.	Karaekal	1.75	6/86	3.00	3/91	71
5.	Kailashahar	1.85	6/86	6.07	2/90	228
6.	Lunglei	2.04	8/86	4.33	4/90	112
7.	Nagore	1.67	6/86	2.88	11/88	72
8.	Rourkela	1.72	6/86	3.11	10/91	81
9.	Satara	1.76	7/86	2.98	5/90	70
10.	Sawai Madhopur	1.65	6/86	2.87	2/90	73

The revision in capital cost was attributed to escalation in the cost of site, equipment, cost of civil works etc. The actual expenditure on setting up of 5 FM radio stations exceeded even their revised estimated cost by Rs 82.77 lakh and the station wise excess expenditure ranged between Rs 3.75 lakh and Rs 32.12 lakh as per details given below:-

(Rs in lakh)

Sl. No.	Name of Station	Revised estimated cost	Actual expenditure	Excess expenditure
1.	Belonia	272.55	278.38	5.83
2.	Daltonganj (O.C)	258.50	290.62	32.12
3.	Karwar	247.82	275.87	28.05
4.	Rourkela	302.51	315.53	13.02
5.	Singhbhum	250.00	253.75	3.75
Total		**1331.38**	**1414.15**	**82.77**

3.1.6. Acquisition of sites

3.1.6.1 Injudicious selection of sites

Expenditure of Rs 4.41 crore became unproductive due to injudicious selection of site.

A 2 x 5 KW transmitter was installed at Narayangiri Hills (Tirupathi upper hills) in **Andhra Pradesh** and test commissioned in February 1991 with its studios at Tirupathi (Tirupathi lower hills). Audit scrutiny revealed that the studio transmitter link viz. clear line of sight between the studio and transmitter required for feeding programmes from studio to transmitter was not available, indicating that this aspect was not studied before selecting the site at Narayangiri hills for establishing the transmitter. Thus capital expenditure of Rs 4.41 crore incurred till February 1991 on establishment of the transmitter became unproductive.

Further, since more than ten years had elapsed after its test commissioning in February 1991, i.e. when its anticipated life of 10 years was already over, it is doubtful whether the transmitter would function, if at all, at its full capacity.

Local Radio Station equipped with 2 X 3 or 2 X 5 KW transmitters with 100 metre tower mast is required to cover transmission zone of 60 Kms. However, due to defective selection of sites in case of 4 stations of **Karnataka**, the transmission could only cover an area between 15 to 48 Kms. 2105 villages with a population of 26.58 lakh remained un-covered as shown below: -

Station	No. of talukas not receiving transmission/distance		No. of villages/population uncovered		Reasons
Chitradurga	2	48 Kms	357	3.79 lakh	High Hills
Hospet	2	15 to 25 Kms	191	6.52 lakh	Hilly terrain
Karwar	9	15 to 20 Kms	1116	9.89 lakh	Hills on 3 sides and sea one side
Raichur	3	25 kms	441	6.38 lakh	Situated in Northern end of the district
Total			**2105**	**26.58 lakh**	

In case of Karwar station, the DG (AIR) was approached for rectification of the deficiency but no action was taken. In other cases no attempt was made for setting right the defects.

3.1.7 Construction of buildings for studios/transmitters/staff quarters

Construction work in most cases was delayed. In 28 stations located in 6 states of **Bihar, Karnataka, Kerala, Orissa, Rajasthan and Tamil Nadu**, the construction of studio and transmitter buildings and staff quarters was completed after considerable delay ranging between 3 to 59 months as shown in **Annex – II**. Consequently capital cost increased by Rs 5.70 crore.

3.1.8 Staff for FM radio stations

3.1.8.1 Non-posting of staff

FM Station, Thiruvananthapuram, which was technically fit for commissioning in October 1996, started functioning in August 1999 due to non-posting of staff.

FM radio stations sanctioned technical, ministerial and other staff for carrying out daily transmission and maintenance of stations. No assessment of deployment or rationalisation of staffing pattern had been undertaken by the Ministry, despite the fact that the non-functioning of FM radio stations are attributed to non-availability of staff and non-utilisation of valuable facilities. Sample check revealed that in Puri, Berhampur and Bolangir stations in Orissa, out of 55 sanctioned posts, 38 posts remained vacant for periods ranging from 3 to 60 months. Similarly, in 18 other stations located in **Himachal Pradesh, Maharashtra, Nagaland, Orissa, Rajasthan** and **West Bengal**, as many as 89 posts remained vacant for periods ranging between 16 and 89 months. Besides, 5 posts in 3 stations in **Rajasthan** were not filled between August 1991 and March 2000. FM Station, Thiruvananthapuram set up at a cost of Rs 2.8 crore which was technically fit for commissioning in October 1996 started functioning only in August 1999 due to non posting of staff. FM (CBS) station, Ranchi, Bihar was handed over to the Station Engineer for operation in November 1996 after incurring capital expenditure of Rs 1.52 crore during 1993-2000. The station was commissioned in March 2000. Delay in commissioning was attributed to non-posting of staff. During 1996-97 to 1999-2000 a sum of Rs 12.70 lakh was incurred to meet the contractual obligation with Electricity Board though the transmitter was not operational. Similarly, FM (CBS) station, Jabalpur, Madhya Pradesh was technically fit for commissioning in November 1996 but could not be commissioned as of March 2000 for want of requisite staff. Besides, a sum of Rs 10.15 lakh was also incurred (February 1999) on maintenance and on electricity bills since November 1996. FM radio station Bijapur, Karnataka set up in April 1996 had not been provided with requisite staff even as of October 2000. As a result, no programme originated from this station. Instead the station only relayed programmes of Mumbai and Banglore stations.

3.1.8.2 Extra expenditure due to continuance of surplus staff

Government sanctioned 48 posts for some radio stations and 51 posts for other radio stations of various categories for the operation of local/non-local radio stations established under Seventh Five Year Plan. However, Government decided in May 1992 that the staff strength of these stations should be restricted to 30 and abolished 18/21 posts and ordered the adjustment of surplus staff against the posts sanctioned for new stations. Audit scrutiny revealed that the surplus staff in 31 stations in 11 states of **Andhra Pradesh, Assam, Bihar, Haryana, Jammu & Kashmir, Karnataka, Kerala, Madhya Pradesh, Punjab, Rajasthan** and **Tripura** was not transferred/adjusted against vacant posts at other stations for periods ranging from one to 96 months and 206 surplus personnel continued. The idle/surplus staff resulted in an extra expenditure of Rs 191.74 lakh towards pay and allowances as shown in **Annex- III**.

3.1.9.1 Overpayment in procurement of transmitters

Mention was made in paragraph 3.2.10.2 of the Comptroller and Auditor General of India Audit Report No.2 of 1995 on Union Government (Civil) regarding avoidable expenditure on procurement of transmitters. DG (AIR) placed purchase orders for supply of 68 FM transmitters of 3, 6 and 10 KW power on a firm in December 1986. As per delivery schedule, 31 sets were to be supplied during September 1987 to September 1988 and the remaining 37 sets during October 1988 to December 1989. The prices of the transmitters were revised on account of change in rates of import duty.

The prices of transmitters fixed initially and revised afterwards are as shown below:-

(Rs in lakh)

Sl. No.	Description	Quantity ordered	Original unit cost	Quantity for which price was reduced	Revised unit cost
1.	2x3KW FM Transmitters				
	a) Initial	2 sets	43.64	2 sets	39.53
	b) Next	22 sets	37.49	8 sets	36.48
	c) Remaining	23 sets	34.28	14 sets	30.53
2.	2x5KW FM Transmitters				
	a) Initial	4 sets	57.57	1 set	59.16
	b) Next	11 sets	50.33	3 sets	44.80
3.	3KW FM Transmitters	6 sets	24.39	6 sets	20.79
	Total	**68 sets**		**34 sets**	

Audit scrutiny revealed that the payment was made either at the pre-revised rates or advance payments were not adjusted correctly. This resulted in extra payment of Rs 90.88 lakh. Of this, Rs 53.82 lakh pertains to extra payment of 11 sets at North Zone and Rs 37.06 lakh for purchase of 5 sets at East Zone. The excess payment of Rs 53.82 lakh in North Zone, has since been recovered/adjusted against the pending bills (for 10 *per cent* final payment) of the firm. No recovery has been made in case of East Zone.

3.1.9.2 Excess payment to suppliers

As per the supply order of 12 December 1986 for procurement of transmitters, 20 *per cent* advance payment was payable to the suppliers immediately on placement of orders and 20 *per cent* second advance payment after six months. Accordingly Chief Engineer (South Zone) made 40 *per cent* advance payments of Rs 118.68 lakh for eight transmitters to the suppliers. Audit scrutiny revealed that amount of Rs 9.98 lakh was short adjusted by zonal office (South) from the final bills submitted by the suppliers which resulted in excess payment of Rs 9.98 lakh to the suppliers.

Excess payments of Rs 80.04 lakh were made to suppliers.

40 *per cent* advance payment made for transmitter for radio station Bijapur was not adjusted even though the Directorate had cancelled the order. This resulted in excess payment of Rs 15 lakh. Similarly, advance payments of Rs 30.13 lakh and Rs 24.93 lakh in respect of radio stations Raichur and Kurnool were made twice by Zonal office leading to an excess payment of Rs 55.06 lakh by Zonal office (South).

3.1.10 Installation of transmitter and studio equipment

The transmitters and studio equipment were required to be installed immediately on their receipt at the station. A sample check of some stations, however, revealed the following:

Transmitters and equipment worth Rs 15.41 crore remained idle up to 88 months.

In eight States/UTs of **Chandigarh, Daman, Kerala, Madhya Pradesh, Orissa, Punjab, Tamil Nadu** and **West Bengal** transmitters and studio equipment worth Rs 15.41 crore were kept idle for periods ranging between 11 and 88 months.

The delay was attributed to delay in completion of civil works, lack of proper planning and delay in power supply. Station Directors of stations located in Kerala did not furnish any reason for such delay.

Equipment worth Rs 1.55 crore purchased even before acquisition of land remained unutilised till March 2000.

Equipment worth Rs 1.86 crore for FM radio station, Dhubri, Assam were procured (February 1987) even before the acquisition of land (March 2000). Though equipment costing to Rs 31.08 lakh was diverted to other radio stations between April 1989 and May 1993, the balance equipment remained un-utilised (March 2000). Improper planning of the procurement of equipment led to equipment costing Rs 1.55 crore lying unutilised for 13 years. Besides, prolonged storage evidently would lead to deterioration of the un-utilised equipment.

Due to inadequate viability study benefit of capital investment of Rs 2.19 crore did not reach the public

FM radio station Baripada, Orissa with 2x3 KW FM transmitter and multipurpose studio was commissioned in February 1991 at a capital cost of Rs 2.19 crore including staff quarters. In April 1994, it was decided by the Standing Finance Committee of DG (AIR) to replace the existing 2x3 KW transmitters with 1 KW transmitter at the capital cost of Rs 43.25 lakh. Accordingly the 2x3 KW transmitter at Baripada was dismantled and shifted to AIR, Cuttack in October 1994. The reasons stated for shifting the transmitter was that the local public was not able to enjoy/receive the benefit of FM transmission due to non-availability of cheap FM transistors. Due to inadequate viability and listenership studies and lack of proper planning before setting up the radio station at Baripada, the benefit of the investment of Rs 2.19 crore could not be derived.

It was decided in 1995 to extend the existing 60 Mts. Microwave Tower of studio transmitter link of FM radio station Cuttack to 70 Mts for supporting a 4 bay pole type of FM antenna as a 24 hours radio paging service was scheduled to be started.

Though the proposed modification and extension of existing tower had been completed at an expenditure of Rs 6.46 lakh, neither the 24 hours radio paging service had started nor was there any improvement in existing area coverage. The Station Director, Cuttack could not offer any reasons for these deficiencies.

Equipment worth Rs 32.42 lakh were not installed at all.

Equipment viz. Digital Storage Oscilloscope, Audio Test System, etc costing Rs 21.82 lakh purchased during July 1991 to August 1995 were not installed and are lying un-utilised (May 1999) in FM radio stations Siliguri, Murshidabad, Calcutta and Malda, West Bengal. FM Malda project was dropped in August 1995 but equipment worth Rs 10.60 lakh were lying in godown (May 1999).

An order was placed with Triveni Structural Limited, Allahabad for supply of self-supporting tower at a cost of Rs 18 lakh for Daman station in March 1986 and the supplier was paid 40 *per cent* amount as advance. The advance amount remained unadjusted because the tower was diverted to FM radio station Nagaur in Rajasthan.

When the transmitter 2 x 3 kW FM of Daman was to be transferred to FM Nagaur by Directorate, the FM transmitter meant for Pune was transferred to Daman in August 1992 but in the process the airflow sensor was found missing. This led to increase in cost. The Daman FM station was commissioned in April 1995 and the equipment costing Rs 125.16 lakh received in 1990 were utilised only in April 1995 i.e. after a period of about four years since they were procured. The reply of the department was awaited (July 1999).

3.1.11 Utilisation of stations

3.1.11.1 Shortfall in Outstation Broadcasting (O.B.) based programmes

Each FM station was required to cover 70 *per cent* of its broadcasting time with O.B. based programmes. Against this, stations transmitted O.B. based programmes ranging from nil to 79 *per cent* as shown in **Annex- IV**. The shortfall in transmitting of O.B. based programmes was attributed mainly to non- availability of O.B. Vans, paucity of funds and shortage of staff.

3.1.11.2 Shortfall in coverage of villages during OB based programme

Only 26 *per cent* villages were covered under OB based programme.

During preparation of OB based programmes, every village in the district was to be covered in turn. Out of a total of 79568 villages only 20999 (26 *per cent*) were covered in turn by 49 stations located in 15 states of **Andhra Pradesh, Bihar, Gujarat, Haryana, Himachal Pradesh, Jammu & Kashmir, Karnataka, Mizoram, Madhya Pradesh, Nagaland, Orissa, Punjab, Rajasthan, Uttar Pradesh** and **West Bengal**. As many as 58569 villages remained un-covered upto March 2000 as details given in **Annex–V**. Non-coverage of villages was attributed mainly to shortage of staff, non-availability of adequate funds and transport.

3.1.12 Shortfall in transmission of programmes on Environment, Armed Forces and crime against women

In terms of instructions issued by the DG (AIR), stations were required to include programmes on upliftment of rural labour, family welfare, crime against women, environment, Armed Forces, etc. All stations were required to mount a daily programme for 5 to 7 minutes and a longer duration weekly programme on the environment. Though the transmission of programmes was based on approved Fixed-Point Chart and the working instructions of local radio stations provided for an element of flexibility, the programmes were diluted or altered to a great extent.

No programmes were relayed on these specific areas from all the FM radio stations located in Karnataka and Orissa and stations at Panaji, Bareilly, Faizabad and Jhansi. FM radio station Belonia (Tripura) aired programmes for 85 minutes and 141 minutes on environment and crime against women respectively during the calendar years 1996 to 1998. Though the FM radio stations Belonia and Kailashahar are located near the International border with Bangladesh neither of the stations had composed and aired any programme for the Armed Forces. Similarly, Naval Command at Kochi and Army Camp at Kannaur are within the transmission zone of FM radio stations Kochi and Kannaur in Kerala but no programmes on Armed Forces were relayed regularly from these stations.

Station director FM radio station Lunglei, Mizoram stated that several programmes on these subjects were aired for a duration of 10 to 20 minutes once in two months. But it could not be verified in audit as the fixed-point chart did not mention the fact. From Jowai (Meghalaya) radio station only programmes on environment was aired and no programmes on other two subjects were aired.

3.1.13 Short-fall in transmission of programmes other than entertainment

Test check of 47 radio stations located in 15 states of **Andhra Pradesh, Assam, Bihar, Gujarat, Haryana, Himachal Pradesh, Jammu & Kashmir, Kerala, Madhya Pradesh, Meghalaya, Punjab, Tamil Nadu, Tripura, Uttar Pradesh** and **West Bengal** revealed that some of the objectives for which FM Radio System was adopted could not be achieved as percentage of programmes prepared by local talent, programmes relating to community service by local authorities, welfare services, programmes of local nature and programmes by government departments was inadequate as shown below:-

Nature of Programme	No. of hours	Percentage (based on total No. of hours of programmes aired (i.e col 2)
1	2	3
Total duration of programme aired during 1995-2000	567681	----
Programme prepared by local talent	141922	25.0
Programmes relating to community service by local authorities like Police, adult education, schools, emergency services etc	18259	3.2
Help line service to listeners as employment, education etc.	19461	3.4
Health & hygiene, forestry, weather, horticulture etc.	54953	9.7
Programmes by Government departments	14154	2.5

3.1.14 Commercial Services

Loss of revenue

Loss of revenue of Rs 17.79 crore due to non-revision of rates for time slots allotted to private operators.

The Ministry of Information and Broadcasting decided in January 1993 to sell time on FM Channels to private operators. The scheme was started from 15 August 1993 at Delhi and Mumbai and from 1 September 1993 at Chennai. It was extended to FM Radio Calcutta from 25 July 1994 and to Panaji (Goa) from 13 November 1994. The allotment of time slots was to be done on ‘first-cum-first served basis’ on a fixed licence fee of Rs 6000 per hour during morning (7.00-10.00 hrs.), afternoon (13.00-15.00 hrs) and evening (18.00-22.00 hrs) for a total 9 hours. It was a flat rate for all stations irrespective of prime time or lean time in terms of listenership.

Though it was not an authorised licencee, Times FM appealed for reduction of the licence fee on the ground that the present pricing was not viable. On this request, the Ministry reduced the licence fee from existing rate of Rs 6000 per time slot of one hour to Rs 3000 per time slot for prime time (i.e. morning and evening transmission) and Rs 2000 per time slot for non-prime time (i.e. afternoon transmission) for a period of three months with effect from 1 January 1994 with the directions that the matter would be reviewed in the middle of March 1994.

During audit it was observed that:-

(1) Times FM, who requested for reduction of licence fee was in collaboration arrangements with M/s Vaishali Udyog (P) Ltd. (an authorised licencee) for 8 AM to 9AM time slot on FM channel of AIR Delhi since 27 November 1993.

(2) The Ministry did not carry out any study to arrive at the conclusion that the price was un-remunerative to licencees.

(3) The reduced licence fee was effective only for a period of 3 months and the matter was to reviewed in the middle of March 1994. This was not done and the allotment was extended for a period of three years i.e. upto 14 August 1997 on existing rates. A proposal was sent by DG (AIR) to Ministry in July 1997 for enhancement of rates to Rs 10000 for prime time and Rs 4000 for other times. However, extension was given upto 31 March 1998 on the pre-revised rates by the Ministry and the Ministry advised that the matter of enhancement of licence fee be referred to Prasar Bharati Board. The Board had approved the enhanced rates but these could not be implemented due to litigations. However AIR took over almost all the slots with effect from July 1998 from private operators and broadcast its own programmes.

Reduction in licence fee with effect from 1 January 1994 had resulted in revenue loss to the tune of Rs 17.79 crore as shown below:-

City		Period	No. of Days	No. of hours allotted		Rate of loss per hour (in Rs)		Total loss (Rs in lakh)	
				Prime Time	Non-Prime Time	Prime Time	Non-Prime Time	Prime Time	Non-Prime Time
A.	Delhi	1.1.94 to 31.3.98	1551	10857 (7 per day)	3102 (2 per day)	3000	4000	325.71	124.08
B.	Mumbai	1.1.94 to 31.3.98	1551	10857 (7 per day)	3102 (2 per day)	3000	4000	325.71	124.08
C.	Chennai	1.1.94 to 31.3.98	1551	9306 (6 per day)	1551 (1 per day)	3000	4000	279.18	62.04
D.	Calcutta	25.7.94 to 31.3.98	1346	9422 (7 per day)	2692 (2 per day)	3000	4000	282.66	107.68
E.	Panaji	13.11.94 to 31.3.98	1235	4940 (4 per day)	Nil	3000	Nil	148.20	Nil
Total								1361.46	417.88
Grand Total								**Rs 1779.34 lakh**	

3.1.15 Loss due to un-realistic contracted load of power

The radio stations failed to assess the actual consumption of electricity and obtained connections for a very high contracted load in comparison to actual consumption. This resulted in avoidable expenditure (fixed charge on contracted load) of Rs 12.52 lakh as shown in **Annex – VI**.

3.1.16 Monitoring and Evaluation

3.1.16.1 Non assessment of working of stations and non-submission of self assessment reports

The local radio stations were required to review their working every month to ascertain how they had fared in achieving the objectives of the scheme and send the self-assessment reports to the Directorate during the first week of the succeeding months. The test check revealed that self-assessments were not carried out by 22 FM radio stations located in **Assam, Bihar, Himachal Pradesh, Haryana, Jammu & Kashmir, Karnataka, Madhya Pradesh, Meghalaya, Mizoram, Punjab, Rajasthan, Uttar Pradesh** and **West Bengal.**

3.1.16.2 Audience research survey to assess the popularity of programmes

FM radio transmission could be received by the listeners only through radio sets equipped with FM band. Each local radio station was required to conduct an audience research survey to assess the quantum of listenership and ascertain the popularity of programmes broadcast by it. No survey on availability of FM radio sets within the transmission zone, listenership or popularity of programmes broadcast was conducted by 48 FM radio stations or the Audience Research wing of AIR.

In two stations viz. Ahmedabad and Mumbai where Audience Research Unit of AIR conducted surveys in 1996 and 1998, listenership was 43 and 14 *per cent* respectively in rural areas. Fall in rural listenership by almost eighty *per cent* in 1998 over the 1996 level indicates the failure of FM radio to capture rural interest.

3.1.17 Conclusion

The main purpose for adopting FM was to take radio to the masses. It was intended to serve the small area of district as a basic utility service and to reach into the heart of the community, to provide opportunity to local talents, to provide sustained community service, help line service etc.

However, the setting up of FM radio stations as envisaged was adversely affected by delays in construction and commissioning; poor deployment of staff and cost escalations. FM also did not achieve the targeted 70 *per cent* Out station Broadcasting based programmes. Progress in providing programmes of local nature, community service was inadequate. FM could not nurture local talent as envisaged.

The matter was referred to the Ministry in December 2000; their reply was awaited as of November 2001.

Annex - I

[Refers to Paragraph 3.1.5.1(a)]

Sl. No.	States	No. of Stations	Month/Year in which station was to be commissioned	Month of actual commissioning	Delay in Months
1	Andhra Pradesh	5	1988-89	February 1990 to August 1993	11 to 52
2	Assam	3	1989-90	May 1991 to February 1994	14 to 47
		1	1989-90 (March 1990)	April 2000	121
		1	1995-96 (October 1995)	March 2000	52
3	Bihar	6	1988-89	May 1991 to September 1993	25 to 43
		1	1993-94	March 2000	72
		1	1995-96	Not yet commissioned	53
4	Karnataka	7	1988-89	May 1991 to September 1997	25 to 101
5	Kerala	3	1988-89	November 1989 to February 1994	7 to 59
		1	1996-97	August 1999	28
		1	1996-97	Not yet commissioned	More than 41
6	Nagaland	1	1994-95	January 1996	9
7	Orissa	4	1988-89	February 1991 to May 1995	22 to 74
		2	1994-95	June 1995 & March 1996	3 to 11
8	Rajasthan	8	1989-90	January 1991 to February 1994	15 to 46
		1	1994-95	June 1997	26
9	Tamil Nadu	1	1988-89	July 2000	More than 132
		1	1996-97	July 2000	More than 36
10	Tripura	1	1989-90	October 1992	31
11	West Bengal	3	1994-95 (1) 1994-95 (1) 1995-96 (1)	August 97 Not commissioned August 98	28 to 65

Annex - II

(Refers to Paragraph 3.1.7)

State	No. of stations	Increase in capital cost (in lakh)	Range of delay (in months)	Remarks
Bihar	6	81.62	25 to 42	Delay in completion of civil work.
Karnataka	1	32.09	47	16 staff quarters were lying vacant. (June 1999)
Kerala	5	74.00	7 to 59	Civil work of FM Station Manjere, was to be completed during 1996-97 but civil work costing Rs 30.65 lakh could be completed by August 2000
Orissa	5	22.90	4 to 51	Delay in completion of civil work.
Rajasthan	9	242.00	3 to 44	Due to delay in construction of building by Civil Construction Wing of AIR.
Tamil Nadu	2	117.00	27 to 44	Kodaikanal station was commissioned only after delay of 11 years. Delay costs the Govt. with an extra cost of Rs 1.17 crore mainly due to increase in cost of civil works (Rs 68.90 lakh) and equipments (Rs 24.10 lakh).
Total		**569.61**		

Annex - III

(Refers to Paragraph 3.1.8.2)

Sl. No.	State	No. of Stations		No. of posts declared surplus	Period in months	Expenditure on pay & allowances of surplus staff (Rs in lakh)
1.	Andhra Pradesh	4	Anantapur	18	1 to 85	17.69
			Kurnoor	12	4 to 96	14.70
			Tirupathi	9	14 to 62	6.05
			Warangal	6	14 to 95	10.78
2.	Assam	2	Haflong	7	10 to 27	2.36
			Jorhat	4	78	6.41
3.	Bihar	4	Hazaribagh	3	23	1.81
			Purnea	10	60	13.17
			Sasaram	3	78	7.95
			Singhbhum	2	54	1.59
4.	Haryana	1	Kurukshetra	10	4 to 76	7.52
5.	Jammu & Kashmir	1	Kathua	2	55	2.17
6.	Karnataka	3	Chitradurga	2	55 to 84	6.30
			Hospet	18	84	6.65
			Raichur	4	29	1.55
7.	Kerala	1	Kochi	11	16 to 53	13.69
8.	Madhya Pradesh	7	Balaghat	4	58 to 68	7.93
			Betul	7	5 to 58	3.24
			Bilaspur	4	2 to 62	3.30
			Chindwara	9	2 to 68	9.51
			Guna	4	45 to55	9.25
			Khargon	5	1to 46	1.07
			Raigarh	4	14 to 48	3.85
9.	Punjab	2	Bhatinda	9	5 to 43	3.03
			Patiala	3	2 to 13	0.35
10.	Rajasthan	4	Alwar	2	10 to 40	1.51
			Chittorgarh	3	19 to 64	2.97
			Nagaur	6	2 to 27	1.58
			Sawai Madhopur	7	5 to 69	7.31
11.	Tripura	2	Balonia	5	8 to 68	4.19
			Kailashahar	13	2 to 73	12.26
Total		**31**		**206**		**191.74**

Annex - IV

(Refers to Paragraph 3.1.11.1)

Sl. No.	State	No. of Stations	Percentage of achievement	Percentage of Shortfall
1	Andhra Pradesh	6	4 to 75	25 to 96
2	Assam	3	10 to 40	60 to 90
3	Bihar	5	7 to 30	70 to 93
4	Gujarat	3	Nil to 12	88 to 100
5	Haryana	1	7	93
6	Himachal Pradesh	2	7 to 13	87 to 93
7	Jammu and Kashmir	1	79	21
8	Karnataka	7	Nil to 30	70 to 100
9	Kerala	3	5 to 40	60 to 95
10	Madhya Pradesh	10	2 to 43	57 to 98
11	Meghalaya	1	3	97
12	Mizoram	1	2	98
13	Orissa	6	Nil to 58	42 to 100
14	Punjab	2	3 to 9	91 to 97
15	Rajasthan	5	8 to 78	22 to 92
16	Tamil Nadu	1	41	59
17	Tripura	2	Nil to 1	99 to 100
18	Uttar Pradesh	3	4 to 40	60 to 96
19	West Bengal	1	20 to 49	51 to 80

Annex - V

(Refers to Paragraph 3.1.11.2)

Sl. No.	State	No. of Stations	Total No. of villages	No. of villages covered	No. of villages remained uncovered	Percentage of villages	
						Covered	Uncovered
1.	Andhra Pradesh	5	3634	1301	2333	36	64
2.	Bihar	4	9442	4521	4921	48	52
3.	Gujarat	2	3047	947	2100	31	69
4.	Haryana	1	419	102	317	24	76
5.	Himachal Pradesh	2	5237	1105	4132	21	79
6.	Jammu and Kashmir	2	825	345	480	42	58
7.	Karnataka	7	8580	1824	6756	21	79
8.	Mizoram	1	380	20	360	5	95
9.	Madhya Pradesh	10	19371	3468	15903	18	82
10.	Nagaland	1	40	20	20	50	50
11.	Orissa	4	12366	741	11625	6	94
12.	Punjab	2	1349	145	1204	11	89
13.	Rajasthan	5	8806	4538	4268	52	48
14.	Uttar Pradesh	2	3846	449	3397	12	88
15.	West Bengal	1	2226	1473	753	66	34
Total		**49**	**79568**	**20999**	**58569**		

Annex - VI

(Refers to Paragraph 3.1.15)

Sl.No.	Name of Station	Contracted load in KVA	Consumption in KVA	Excess payment of fixed charges (in lakh)	Remarks
1.	Devikulam	142	Less than 75	2.69	Contracted load was got reduced to 75 KVA from 142 KVA in April 1998.
2.	Mercara	142	75	9.83	
3.	Chitradurga	100	58		
4.	Karwar	126	59		
5.	Bijapur	91	45		
6.	Raichur	100	47		
Total				**12.52**	

Prasar Bharati

3.2 Billing of Commercial Programmes on National Channel

Audit review of the billing practice in Doordarshan revealed numerous systemic deficiencies and procedural lapses. Persistent irregularities in the trading of commercial time and failure to observe standard commercial practice underline the weakness of the system. Numerous deficiencies like raising of bills without telecast certificates, wrong billing, poor monitoring of dues realisation and acceptance of dishonoured cheques have been noticed. Basic records have been maintained in a faulty manner in violation of prescribed procedures.

Highlights

The gross earnings of DD had declined from Rs 572.7 crore in 1996-97 to Rs 399.9 crore in 1998-99, despite increase in programme production centres, transmitters and viewership.

DD had not charged interest amounting to Rs 4.97 crore on account of delayed payments of Rs 108.62 crore.

DD suffered an interest loss of Rs 69.95 lakh due to acceptance of dishonoured/cancelled cheques from agencies.

Rs 363.51 crore were lying unrealised from accredited agencies. Out of which, Rs 334.45 crore was recoverable from 45 agencies. As of August 2001, Rs 157.94 crore on account of interest on outstanding dues have become due.

Late remittance of cheques to the bank resulted in loss of interest of Rs 18.81 lakh.

DD had not maintained Agents' Ledger up to 1998-99.

DD had been using software which had a number of deficiencies for raising bills on telecast of the programmes.

3.2.1 Introduction

Despite increase in viewership, gross earnings of DD came down from Rs 572.7 crore in 1996-97 to Rs 399.9 crore in 1998-99.

DD opened itself to commercial service in 1976 with the objective of earning revenue by trading in commercial time. In 1996-97, gross earnings of DD were Rs 572.7 crore. In the years 1997-98 & 1998-99, earnings came down to Rs 490 crore and Rs 399.9 crore respectively. Earnings thereafter increased to Rs 610 crore in 1999-2000. However, the increase was not proportionate to the increase in number of production centres (41 to 47) transmitters (921 to 1090) and viewership (29.6 crore to 40.3 crore). **(Annex-I)**

A review of the billing practice was undertaken by Audit to highlight the systemic deficiencies that could have been avoided to arrest substantial revenue loss.

3.2.2 Organisational set up

There are four main players in commercial advertising/sponsorship of the programmes for which bills are raised by DD. Director General Doordarshan frames policies for telecast of commercials, plans and schedules advertisement and fixes rates for commercial advertisements. Doordarshan Commercial Service grants registration/accreditation to advertising agencies and is responsible for maintenance of Agents/Advertisers ledger, preparation of bills, monthly reconciliation and realization of revenues. Doordarshan Kendras are entrusted with the responsibility for the telecast of sponsored/commissioned programmes/advertisements, preparation of telecast certificates/cue sheets and sending them to Doordarshan Commercial Service for preparation of bills and maintenance of logbooks. Sponsors/advertising agencies book business with Doordarshan Commercial Services for their clients in accordance with the rules framed by Doordarshan Commercial Service and execute agreements for telecast of the programmes/commercials.

3.2.3 Scope of Audit

The review was conducted covering the period October 1997 to March 2001. One quarter was picked up from each completed financial year for detailed scrutiny viz. October to December 1997 for 1997-98, January to March 1999 for 1998-99, October to December 1999 for 1999-2000 and January to March 2001 for 2000-2001.

3.2.4 Delay in payment of Bills

3.2.4.1 Receipt of payment after expiry of due date without interest

DD suffered a loss of Rs 4.97 crore due to non charging of interest on delayed payments.

According to provisions contained in Doordarshan Manual, DD is entitled to charge interest at the rate of 18 *per cent* per annum on all amounts due from agencies not paid within the stipulated period. The interest is to be charged from the day following the due date of payment and computed on monthly basis.

Test-check of records revealed that an amount of Rs 108.62 crore out of Rs 115.24 crore was received after the expiry of due date **(Annex-II)**. Under the rules, interest at 18 *per cent* per annum was to be charged for late payment of dues from the agencies. As worked out in audit, interest of Rs 496.78 lakh till August 2001 was to be recovered for late payments. No action was taken by DD to recover the interest dues from the marketing agencies. It was also noticed that DD had no established procedure to ensure that payments were made in time.

3.2.4.2 Dishonoured cheques

Acceptance of cheques without verifying their true nature resulted in loss of Rs 69.95 lakh.

Test-check of Subsidiary Cash Books revealed that there were many cases **(Annex – III)** where DD accepted cheques that were dishonoured on more than one occasion. These cheques related to the same payment and were accepted even though these had been dishonoured earlier. More significantly, no penal interest for the delay was charged when payments were finally realised. The loss of interest on such delayed realisation was Rs 69.95 lakh. There are no provisions in the Manual to debar acceptance of cheques from parties whose cheques were dishonoured. It would be more appropriate to insist on payment through Demand drafts/Pay orders from parties whose cheques have once been dishonoured.

3.2.4.3 Outstanding bills of Rs 363.51 crore

92 *per cent* of outstanding dues were recoverable from 45 out of total 229 firms.

(i) According to provisions contained in the Doordarshan Manual, an abstract of outstanding bills is required to be prepared at the end of each month and reviewed by the Controller of Sales to initiate appropriate action for realising outstanding dues. Audit scrutiny brought out that the Outstanding Bills Registers were maintained year-wise and the outstandings were not carried forward to arrive at the cumulative balances. Based on the available entries in the yearly Outstanding Bills Registers, Audit calculated the outstandings in respect of each year, which revealed that bills of Rs 363.51 crore relating to bills pertaining to the years 1997-98 to 2000-2001 were outstanding as on August 2001:

(Rs in crore)

Year	Amount
1997-98	59.34
1998-99	49.81
1999-00	56.78
2000-01	197.58
Total	**363.51**

Outstandings have increased from Rs 59.34 crore in 1997-98 to Rs 197.58 crore in 2000-01. Rs 334.45 crore out of Rs 363.51 crore (92 *per cent*) are outstanding against 45 out of of 229 firms as per details given in **Annex - IV.**

(ii) Interest on outstanding dues of Rs 157.94 crore, worked out by Audit, became due by August 2001.

3.2.5 Deficient Billing procedure

As per Doordarshan's Manual, billing section prepares the bills on the basis of telecast certificates issued by the transmission centres (Kendras). Kendras telecast the commercials/programmes as per the telecast advice.

Audit noticed the following deficiencies:

3.2.5.1 Telecast without receipt of any telecast advice

330 episodes of various programmes were telecast but they were not scheduled as per the Scheduling Register, which indicated that either the Scheduling Registers were not maintained properly or the Kendra had telecast these programmes without authority. 241 episodes of various programmes were scheduled as per the Scheduling Registers but no bills were found to have been raised in the billing register, which indicates that either these programme were not telecast or bills were not raised. In the absence of telecast certificates, it could not be verified whether these programmes were telecast or not.

3.2.5.2 Non-supply of telecast certificates

Bills are required to be prepared after the receipt of all telecast certificates, which is a vital element in the system of billing. It is the only link between the telecast of a programme/commercial and realisation of revenue. Telecast certificates and telecast advices revealed that Doordarshan Kendras did not supply the telecast certificates in complete form. Telecast certificates were generated on the basis of logbooks maintained by the Duty Officer in Doordarshan Kendras. Only the commercials, telecast before or after the programme were logged in by the Duty Officer and the commercials within a sponsored programme were checked by the concerned sections. The telecast certificates contained only the information available in the logbooks and the details of the commercials carried in the programme were not made available to billing section, only the quantum of commercial time was intimated. This provided scope for manipulation. In December 1997, telecast certificates in respect of six episodes of various programmes did not contain the information regarding the commercial time utilised in their telecast. Since commercial time had not been mentioned in the telecast certificates bills were raised only for telecast fee/sponsorship fee.

A scrutiny of telecast certificates for October, November and December 1997 revealed that telecast certificates in respect of the programme "India the awakening" have not been supplied by the Kendra till date. Similarly against the 72, 69 and 57 telecasts in October, November and December 1997 respectively, of a one minute programme "Vande Mataram" telecast certificates for 49 telecasts during October 1997 and 11 telecasts during November 1997 only were supplied. No telecast certificates for the said programme during the month of December 1997 were furnished to DD by the Kendra.

3.2.5.3 Cancellation and revision of bills

Revision of bills caused a loss of revenue of Rs 269.89 lakh.

During the test checked period, DD had raised 13161 bills out of which 2133 bills were revised or were raised **(Annex–V)** retrospectively due to change in the name of agency, rate of agency commission, category of the programme, retrospective revision in commercial terms of a programme, billing due to late receipt or non-receipt of telecast certificates.

This resulted in changing the due dates of payment in respect of the bills revised and allowed the agencies relaxation in payment schedule entailing a loss of interest of Rs 269.89 lakh **(Annex-V)**. Further, out of 13161 bills 682 bills **(Annex-VI)** were cancelled due to non-telecast of a programme, claims of utilization of banked FCT and wrong billing or double billing.

Cancellation of bills against programmes not telecast indicates that bills were not raised on the basis of telecast certificates and cancelled when the agency submitted non-telecast certificates issued by Doordarshan Kendra.

506 bills were cancelled against the agency's claims of utilisation of its banked FCT. Most of the agencies did not propose to utilise their banked FCT in the contracts submitted to DD before the telecast of the programme. DD entertained their claims and cancelled bills retrospectively despite the fact that DD did not maintain any agency-wise or programme wise ledgers of FCT banked/utilised.

Audit found that 30 bills **(Annex-VI)** were cancelled without recording any reasons. Following are few examples: -

A marketing agency obtained a non-telecast certificate in respect of a programme "Usool" scheduled for telecast on 28 December 1998. Bill No.NAT/70/12/97 of Rs 10.81 lakh, which was to be cancelled but DD also cancelled another bill for the same programme telecast on 21 December 1997 of Rs 10.81 lakh, which caused a loss to that extent to DD. Two bills of the same number were raised in respect of another programme ' Shaktiman' telecast in December 1997.

In another case, against the non-telecast certificate for a programme "News Review" to be telecast on 13 February 1999, the bill was to be cancelled. But, DD cancelled along with another bill for the programme "World Master Cricket" telecast on 13 February 1999, which caused a net loss of Rs 63750 to DD.

3.2.5.4 Non-maintenance of record of banked FCT

Violation of specific policies for utilisation of banked FCT benefited the private marketing agencies.

As per the Rate Card[1], DD allowed banking of free commercial time (FCT) and subsequent utilisation of banked FCT. The rate card provided 100 *per cent* utilisation of banked FCT for the first 13 episodes in the subsequent 13 episodes of the same programme in such a manner that no single episode carried commercials more than the admissible FCT plus a maximum of 100 seconds of banked FCT. In case the banked FCT could not be utilised, additional requests had to be considered with the proviso that there would be a 50 *per cent* reduction in the unutilised FCT available for banking i.e. remaining 50 *per cent* of banked FCT had to lapse.

[1] Rate Card: Doordarshan's Rate Card contains information regarding terms, rates of telecast and categories of programmes/commercials on its different channels.

Audit found that DD did not maintain any agency-wise or programme-wise ledger of banked FCT, which it could use for settlement of claims of utilisation of banked FCT by agencies. In December 1999, DD issued a circular instructing the agencies to submit their statement of FCT banked and FCT utilised in the first week of every month. DD cancelled 506 bills worth Rs 726.15 lakh (net) retrospectively against agencies' claim of utilisation of banked FCT. Out of this, 337 bills worth Rs 553.88 lakh (net) were cancelled on the basis of unsubstantiated information supplied by the agencies. Since DD did not maintain any record for verifying whether the agency had any banked FCT at its credit or not, some agencies utilised FCT beyond their banked FCT and got that additional commercial time regularised retrospectively. As in the case of "Waqt ki Raftar", the marketing agency had utilised 5385 seconds of additional commercial time till 22 December 1998 and bills were raised by DD. The agency was allowed to utilise the banked FCT of another of its programmes "Tea Time Manoranjan" with "Waqt ki Raftar" and bills for 5385 seconds were cancelled retrospectively.

In October 1997, DD informed an agency (Star Gazer Advertising Agency) that it could use its unutilised FCT of two programmes "Good Morning India" and Baisakhi Dhoom Dhamaka" in the two episode programme "Happy Diwali 1997". But the programme "Happy Diwali 1997" was marketed by M/s Parichaya Advertising and it utilised the banked FCT admissible to Star Gazer.

A programme "Chitrahaar" telecast on 12 November 1997 was of 40 minutes duration with 500 seconds of FCT. As per telecast certificates, the agency utilised 545 seconds of commercial time. Instead of raising bills for additional time of 45 seconds, DD cancelled another bill of additional spot telecast on 19 November 1997 against the agency's claim of utilisation of banked FCT causing a self inflicted loss of Rs 680000.

3.2.5.5 Non- cancellation of accreditation of defaulting agencies

Doordarshan did not cancel-accreditation of the defaulting agencies even after their failure to make payment by due dates.

According to Doordarshan Manual the accreditation of agencies stand automatically cancelled in case agencies failed to make the payment of monthly bills by the due date on more than three occasions in a year or within 60 days after expiry of credit period. No action was, however, taken for such default in a number of cases.

3.2.6 Billing Errors

3.2.6.1 Short billing resulted in a loss of Rs 3.98 crore

Payment of inadmissible agency commission caused a loss of Rs 3.98 crore.

According to the agreement dated 22 April 1997 between DD and the National Film Development Corporation, 52 episodes of programme 'Rin Rangoli' were to be telecast during 1997-98 against the minimum guarantee of Rs 5105000 for each episode. Scrutiny of Bill Register revealed that for each episode, DD had raised bills of Rs 4339250 instead of Rs 5105000 after deducting the agency's commission of Rs 765750 which was not admissible as per agreement. Thus, DD suffered a loss of Rs 3.98 crore (Rs 765750 X 52 episodes) due to incorrect billing.

3.2.6.2 Undue-benefit to a Marketing Agency

Unilateral decision of DD to charge ordinary sponsorship fee instead of MG benefited the marketing agency by Rs 1.20 crore.

In April 1997, an one-hour sponsored programme 'Jai Hanuman' was approved for telecast on national network of DD from 6 May 1997 between 9:30 PM and 10.30 PM on minimum guarantee amount of Rs 31.68 lakh for the first 13 episodes and Rs 39.15 lakh for later episodes. FCT of 630 seconds per episode was allowed which included the admissible FCT of 210 seconds.

The producers M/s United Television as their marketing agent. On 18 November 1997, due to the telecast of "Issues before Parliament", "Jai Hanuman" was shifted from 9:30 PM slot to 10:00 PM slot and it was telecast from 10:00 PM to 11:00 PM.

Despite the fact that the terms of its telecast specifically secured the right of DD to reschedule the timing, DD decided unilaterally to grant relief to the sponsor by with holding the Minimum Guarantee requirement and reducing the charge to Rs 10.20 lakh telecast fee as for an ordinary sponsored programme with FCT of 210 seconds. But since the Agency had already utilised a commercial time of 980 seconds with that episode, the excess commercial time of 770 seconds was allowed to be adjusted against the banked FCT of previous episodes. Not only that, the Agency was further allowed a 770 seconds of commercial time to be banked and utilised in the period of next six weeks.

This whole deal caused DD a loss of Rs 140.95 lakh (gross) as per the comparative statement given below.

(Rs in lakh)

DD received		DD's receivables		Loss to DD
Telecast fee	10.20	MG amount	39.15	
		Cost of Additional Spots 980 – 630 = 350	35.00	
		Cost of FCT allowed to be banked in six weeks	77.00	
	10.20		151.15	140.95

After deducting the agency commission of 15 *per cent* DD would have received Rs 119.81 lakh, which turned into a net loss due to grant of undue benefit to the agency.

3.2.6.3 Loss due to non-raising of bills

Test check of log book for October, November and December 1997 revealed that during these months a one minute programme "Vande Mataram" was telecast 198 times. The telecast fee was, however, fixed at Rs 8,000 per telecast irrespective of the fact whether it was fresh or a repeat. A scrutiny of

Scheduling Registers revealed that 174 telecasts were scheduled. Against 198 actual telecasts Doordarshan billed only 130 telecasts and generated a revenue of Rs 10.40 lakh (gross) (Rs 8000x130). However, on the basis of actual telecasts it should have been Rs 15.84 lakh (gross) (Rs 8000x198). Non-billing of 68 telecasts caused a loss of Rs 5.44 lakh (gross) or Rs 4.62 lakh (net after deducting 15 *per cent* agency commission) in one quarter alone.

3.2.7 Non-maintenance of Basic Records

3.2.7.1 Subsidiary Cash Book

According to Doordarshan Manual, all the cheques/drafts received from the parties should be entered in Cash Book maintained in the format prescribed in Doordarshan Manual, on the same day on which the cheque/draft was received and should be submitted to the bank on the same or not later than the next working day. The date of realisation of cheque should also be posted with reference to receipted challan of the bank under the signature of Account Officer. Further, every entry in the Subsidiary Cash Book should be checked and attested by the Accountant and the Accounts Officer. The total at the end of the month should be reconciled by the Accountant with the amount incorporated in the main Cash Book. A certificate of reconciliation with the Bill Register should be recorded in the Subsidiary Cash Book.

Test check of subsidiary Cash Book revealed that:

i) The cheques/drafts were not remitted into the bank on same day and delay ranged from 9 to 54 days, which resulted in a loss of interest of Rs 18.81 lakh.

ii) No certificate regarding reconciliation with Bill Register was recorded in the Subsidiary Cash Book.

Challans pertaining to the period January 1999 to March 1999 and October 1999 to December 1999 were not made available to audit for scrutiny. A few challans were also found missing.

iii) No competent authority attested the corrections/alterations.

iv) Totals of receipts were not struck from 29 June 2000 onwards.

3.2.7.2 Agents ledger

Audit found that DD maintained no ledger till 1998-99. In the absence of ledgers it could not be ascertained, whether the amount due from the agencies was realized. The entries made in the ledger maintained after the period 1998-99 were made in pencil except for the opening balance. Entries in the ledger were also not signed by any competent authority.

3.2.7.3 Telecast summary

Every month a telecast summary is required to be prepared with reference to the certified copies of the telecast certificates received from the Doordarshan Kendra. The costs worked out are to be reconciled with the total revenues billed according to Bill Register and reviewed by the Accounts Officer every month to ensure that there was no loss of revenue. However, such summary was not prepared by DD and not reconciled with Bill Register. It was possible that bills were not raised for the telecast programmes and as such loss of revenue could not be ruled out.

3.2.8 Inefficient mechanical billing process

The software for preparation of bills used by DD has a number of shortcomings.

DD has been utilising software developed by National Informatics Centre for preparation of bills since 1989. The software does not have provision for indicating the time slot of the programme for which the bills are being raised. Due to this deficiency, it could not be verified if the rates at which the bills are raised were correct.

DD books commercials of various organisations and agencies and has different terms for different agencies like rate of agency commission, different terms of payment like credit or advance etc. The billing software has no provision to handle such variations thereby requiring manual corrections leading to delay in receipt of dues.

The matter was referred to the Ministry in November 2001; their reply was awaited as of December 2001.

Annex–I

(Refers to Paragraph 3.2.1)

Statement showing Home Viewership and Commercial Earnings of Doordarshan during 1997-2001

		1997	1998	1999	2000	2001
1.	Programme Production Centres	41	42	46	47	N.A.
2.	Transmitters	921	949	1041	1090	N.A.
3.	Population covered	87%	87%	87.6%	87.9%	N.A.
4.	Area covered	69%	72%	72.9%	74.8%	N.A.
5.	Home viewership (in crore)	29.6	33.1	36.2	40.3	N.A.
6.	Commercial revenue earning (Rs in crore)	572.7	490.1	399.9	610	N.A.

Source : Annual Report of Doordarshan for the year 2000

Annex–II

(Refers to Paragraph 3.2.4.1)

Details of receipt of payments after due date and loss of interest thereon

(Interest calculated @ 18% p.a. for the actual delays in payments)

(Amount in Rs)

Period	Total Due	Payment received in time	Payment received after due date	Loss of interest
1997-98				
10/97	8,68,12,950	15,00,000	8,53,12,950	149.39 lakh
11/97	9,70,69,403	2,88,26,951	6,82,42,452	
12/97	7,95,91,912	86,54,000	7,09,37,912	
1998-99				
1/99	9,50,28,400	Nil	9,50,28,400	115.80 lakh
2/99	8,12,69,333	Nil	8,12,69,333	
3/99	6,89,13,053	1,49,600	6,87,63,453	
1999-2000				
10/99	15,23,76,789	Nil	15,23,76,789	197.28 lakh
11/99	23,89,37,195	10,38,813	23,78,98,382	
12/99	11,51,05,360	10,000	11,50,95,360	
2000-2001				
1/2001	4,90,04,325	Nil	4,90,04,325	34.31 lakh
2/2001	2,44,93,387	Nil	2,44,93,387	
3/2001	6,38,28,602	2,60,23,341	3,78,05,256	
Total	**115,24,30,709**	**6,62,20,271**	**108,62,27,999***	**496.78 lakh**

*** Includes Rs 3.44 crore which were not received till 8/2001, interest upto August 2001 has been calculated.**

Annex–III

(Refers to Paragraph 3.2.4.2)

Loss of interest against dishonoured cheques

Year	No. of cheques dishonoured	Interest Amount (Rs)
1997-98	80	25,04,355
1998-99	94	28,56,339
1999-00	43	15,55,273
2000-01	17	78,918
Total		**69,94,885**

Annex-IV

(Refers to Paragraph 3.2.4.3)

List of agencies against which huge amounts were outstanding

(Rs in lakh)

Sl. No.	Name of Agency	1997-98	1998-99	1999-00	2000-01	Total
1.	M/s AB Corp Ltd.	360.39	-	-	-	360.39
2.	Anand Advertising Agency	2.55	195.01	15.39	-	212.95
3.	Advance TV Network	-	93.30	80.16	-	173.46
4.	Balaji Telefilms	77.26	158.25	41.54	2.32	279.37
5.	Concept Communications	17.21	185.07	26.24	-	228.52
6.	Creative Eye	4.11	31.51	97.73	1511.72	1645.07
7.	Cinema Vision India	40.66	25.50	-	38.44	104.60
8.	Fame Communications	148.39	313.10	284.14	1245.65	1991.28
9.	Film Craft	45.78	251.89	22.97	1011.74	1332.38
10.	Guruji Advertising	83.01	168.59	282.30	113.18	647.08
11.	HTA	718.28	563.25	309.12	15.99	1606.64
12.	Joslin Communication	93.29	17.02	-	-	110.31
13.	Jaya Advertising	101.68	14.62	-	-	116.30
14.	Krishna Leela International	51.59	24.13	12.54	16.83	105.09
15.	Kinescope (India) Pvt. Ltd.	148.75	-	59.82	-	208.57
16.	Multichannel Advertising and Production (P) Ltd.	205.59	564.55	1.53	-	771.67
17.	Madison Advertising	143.16	-	-	-	143.16
18.	M/o H&FW	17.43	-	494.26	-	511.69
19.	NFDC	986.98	-	1203.36	7246.97	9437.31
20.	Neerja Films	39.15	34.62	98.12	25.31	197.20
21.	Nimbus Communications	293.06	54.68	3.83	58.50	410.07
22.	Prime Time Media Services	278.42	206.22	82.63	136.51	703.78
23.	Pritish Nandy Communications	53.72	35.05	98.44	750.50	937.71
24.	Plus Channel	109.51	-	-	-	109.51
25.	Pas International	-	49.03	166.98	173.61	389.62

Sl. No.	Name of Agency	1997-98	1998-99	1999-00	2000-01	Total
26.	Rediffusion Communications (P) Ltd.	9.10	94.75	36.20	4.76	144.81
27.	Sagar Enterprises	275.28	00.25	11.24	899.14	1185.91
28.	Shyam Comm.	-	107.77	-	-	107.77
29.	TNE Ltd.	158.12	0.17	7.66	-	165.95
30.	Triton Comm. Ltd.	79.65	57.95	49.32	19.02	205.94
31.	United Television	263.64	1075.26	154.52	87.46	1580.88
32.	World Media Ltd.	183.64	108.00	41.10	137.18	469.92
33.	Worldcom Multimedia Ltd.	57.45	14.51	34.97	-	106.93
34.	Down Mod Advertising	-	-	489.41	322.41	811.82
35.	Directorate of Adult Education.	-	-	1.16	162.71	163.87
36.	Market Movers	-	-	310.60	-	310.60
37	M/o H&FW (CHEB)	-	-	23.15	1089.76	1112.91
38.	Numero Uno International	-	-	1.19	1079.00	1080.19
39.	Shree Madhav Poly Production	-	-	360.56	795.64	1156.20
40.	B4U Multi Media Ltd.	-	-	-	104.74	104.74
41.	Directorate of Census	-	-	-	309.91	309.91
42.	Global Entertainment	-	-	-	128.42	128.42
43.	MBM(Betal Pechise)	-	-	-	163.48	163.48
44.	Maya Entertainment	-	-	-	197.95	197.95
45.	Nine Broadcasting Corporation	-	-	-	1203.91	1203.91
Grand Total						**33445.84**

Annex–V

(Refers to Paragraph 3.2.5.3)

Statement of bills cancelled/revised

(Rs in crore)

Month and Year	Total No. of bills raised	Net amount of the bills	No. of bills revised	Loss of interest due to revision in due date	No. of bills cancelled	Amount of cancelled bill
1997-98						
10/97	1293	32.43	215	0.09	96	1.18
11/97	1195	28.86	84	0.07	97	1.02
12/97	946	29.58	119	1.53	68	4.45
1998-99						
1/99	1289	22.13	141	0.14	69	0.8
2/99	1029	21.29	90	0.06	63	1.59
3/99	1124	23	230	0.12	30	0.75
1999-00						
10/99	1180	32.65	137	0.25	109	1
11/99	1038	36.33	236	0.28	15	0.93
12/99	1107	27.84	276	0.13	57	1.74
2000-01						
1/2001	1091	31.82	188	0.02	18	0.55
2/2001	872	27.40	178	0.008	44	0.93
3/2001	997	20.73	239	Nil	16	0.46
	13161	**334.06**	**2133**	**2.698**	**682**	**15.40**

Annex-VI

(Refers to Paragraph 3.2.5.3)

Statement showing number of bills cancelled

Month	Due to N.T.C.	Banking		Wrong Bills/Duplicate	Without reason
		Verified	Non-verified		
10/97	7	36	51	2	-
11/97	10	47	39	1	-
12/97	5	17	38	5	3
1/99	10	29	19	10	1
2/99	28	3	25	2	5
3/99	2	-	25	3	-
10/99	13	6	88	1	1
11/99	1	3	8	-	3
12/99	-	16	36	-	5
1/01	2	-	-	6	10
2/01	4	11	3	24	2
3/01	1	1	5	9	-
Total	**83**	**169**	**337**	**63**	**30**