

CHAPTER XIII: MINISTRY OF INFORMATION AND BROADCASTING

13.1 Non-recovery of advertising charges

Failure of the Doordarshan Kendra, Lucknow to recover dues as per contract led to non-realisation of arrears of Rs 2.58 crore and interest of Rs 0.71 crore.

Clause 18 of the contract with accredited advertising agencies provides for recovery of penal interest at the rate 18 *per cent per annum* and/or automatic cancellation of the accreditation of the agency for non-payment of dues by the due date on more than three occasions in a year, within 45 days after the prescribed credit period of 45 days from the month following the date of broadcast.

Test check in March 2001 of the records of Doordarshan Kendra, Lucknow revealed that a sum of Rs 3.29 crore (advertising charges: Rs 2.58 crore and interest Rs 0.71 crore) was outstanding against 60 accredited agencies for the period from 1995 to March 2001. But Doordarshan Kendra did not take action to recover the outstanding dues as of March 2001.

Doordarshan Kendra stated in March 2001 that reminders and legal notices had been issued for outstanding dues. However, it gave no reason for not cancelling accreditation of those, who defaulted on more than three occasions in a year.

Thus, failure of the Doordarshan Kendra in enforcing the terms and conditions of the contract and in initiating penal action against the defaulting agencies for non payment of advertising charges led to accumulation of arrears of Rs 3.29 crore including interest of Rs 0.71 crore.

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

13.2 Undue benefit to a sponsor

The Director of Doordarshan Kendra, Kolkata extended undue benefit to a sponsor, which resulted in a loss of Rs 96.75 lakh to the Government.

The Director, Doordarshan Kendra, Kolkata (DDK) approved telecast of 'Sri Ramkrishna' a non-film based serial produced by Sunrise Media and Effects Private Limited from 30 November 1998. Doordarshan telecast the programmes on both DD-1 and DD-7 channels. The Director, DDK extended undue financial benefit of Rs 96.75 lakh to the sponsor as detailed in succeeding paragraphs:

(a) Loss of revenue of Rs 57.83 lakh due to excess utilisation of banked FCT

As per rate card, for a daily serial, five telecast days per week is considered as one episode and a sponsor can utilise upto 100 seconds of banked Free Commercial Time (FCT) per episode. A scrutiny of Sponsor Register and Telecast Certificates in respect of the serial 'Sri Ramkrishna' revealed that the Director, DDK allowed the sponsor to utilise banked FCT in excess of 100 seconds in each episode consisting of five telecast days in contravention of the rate card.

This resulted in an undue benefit of Rs 57.83 lakh to the sponsors by allowing excess utilisation of banked FCT as shown below :

Channel/ Time	Period	No. of episode	Admissible banked FCT (in sec)	Banked FCT utilised (in sec)	Excess banked FCT utilised (in sec)	Rate per 10 sec (in Rs)	Total amount (Rs in lakh)
DD-1 10 A.M.	1/2/99 to 31/3/2001	17	1700	7440	5740	7500	43.05
DD-7 2 P.M & 9 P.M.	1/2/99 to 31/3/2001	12	1200	6125	4925	3000	14.78
Total							57.83

(b) Loss of revenue of Rs 29.89 lakh due to excess grant of banked FCT

The Director, DDK did not separately maintain details of banking of FCT in respect of the serial 'Sri Ramkrishna'. FCT was allowed without ascertaining the actual balance of FCT available to the sponsor after each episode.

Audit noticed that the Director, DDK allowed FCT to the sponsor even when they had no credit balance which led to minus balance on 23 occasions detailed below. This resulted in undue benefit to the sponsor to the tune of Rs 29.89 lakh as calculated on the basis of spot buy rate.

Channel	Episode Nos.	Deficit of FCT (in sec)	Rate per 10 sec (Rs)	Total Amount (Rs in lakh)
DD-1	50&51	292	7500	2.19
	57	73	7500	0.55
	60 to 62	347	7500	2.60
	65 to 69	1375	7500	10.31
	77&78	309	7500	2.32
	86	102	7500	0.77
	94 to 96	620	7500	4.65
DD-7	49 to 53	2094	3000	6.28
	55	72	3000	0.22
Total				29.89

(c) Short levy of Rs 9.03 lakh in sponsorship fee in a repeat programme

As per provisions of the rate card, if a programme is repeated from DD-1 to DD-7, a premium of 25 *per cent* is to be paid in addition to the sponsorship fee of Rs 5000 and Rs 10000 for non-prime time and prime time respectively on DD-7 with no change in FCT. 'Sri Ramkrishna', was first telecast on DD-1 from 30 November 1998 and repeated on DD-7 on the same day at 2 PM and again on DD-7 from 21 February 2000 at 9 PM.

The Director did not charge premium for repeat telecast of Sri Ramkrishna on DD-7. This resulted in short levy of sponsorship fees of Rs 9.03 lakh as shown below:

Period	Duration	No. of telecast	Sponsorship fees per days of telecast		Short levy (Rs)	Total short levy (Rs in lakh)
			Chargeable (Rs)	Charged (Rs)		
30.11.98 to 18.2.2000	30minutes	256	6250	5000	1250	3.20
21.2.2000 to 31.3.2001	30minutes	233	12500	10000	2500	5.83
Total						9.03

Thus total undue benefit given to the sponsor amounted to Rs 96.75 lakh as detailed in table below:

Particulars	Amount (Rs in lakh)
Excess utilisation of banked FCT	57.83
Excess grant of banked FCT	29.89
Short levy of sponsorship fee	9.03
Total	96.75

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

13.3 Under utilisation of television transmitter

Doordarshan incurred injudicious expenditure of Rs 5.32 crore due to mismatch and lack of capacity synchronization between the transmitter and the tower.

The procurement and installation of 10 Kilo Watt High Power Transmitter (KWHPT) with a 300 meter high steel tower at Barmer (Rajasthan) was sanctioned in 1985 under the scheme for television coverage of border areas. Doordarshan (DD) placed the order on M/s Bharat Electronics Limited (BEL) in November 1986 who supplied it in March 1991. The transmitter installed in February 1993 has been operative only on 1 KW capacity with effect from March 1997. The work for erection of tower awarded to M/s Triveni Structural Limited in February 1997, at a total cost of Rs 10.20 crore and scheduled to be completed by March 1999, had not commenced as of July

2001. DD decided in July 2001 to reduce the height of the tower to 100 meters and cancelled the original contract in August 2001, but had not placed the revised order so far.

The 10 KWHPT was installed at capital cost of Rs 4.70 crore and the total capital expenditure incurred till March 2001 was Rs 5.32 crore. But the transmitter is being operated at one-tenth of its capacity and its coverage is less than half the area than that covered by a 10 KW transmitter. Thus, due to improper planning for procurement of transmitter and erection of tower, the transmitter's capacity is neither being utilised optimally nor is the targeted coverage being delivered. The transmitter, which has a life of ten years, has already been in place for more than eight years and in use for more than four years at one tenth of its optimal capacity. By the time construction of the tower is completed, the transmitter's expected life would be over. Thus, mismatch and lack of capacity synchronization between the transmitter and the tower has rendered an expenditure of Rs 5.32 crore on equipment and civil works largely unproductive.

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

13.4 Hiring of KU band transponder without necessity

Hiring of KU band transponder on PAS-4 satellite without it being put into use resulted in wasteful expenditure of Rs 36.02 crore.

In a bid to enhance the quality and reach of uplinking facility, Director General, Doordarshan (DD) entered into an agreement with the PANAMSAT Corporation of U.S.A., a satellite communication company, for the hiring of transponders in August 1995. A scrutiny of the agreement revealed that a KU Band Transponder on PAS-4 was hired from the supplier without either the need or a prospective plan for its utilization. A monthly service fee of US\$ 1.00 lakh was charged by the company for the first 36 months and, thereafter, at the rate of US\$ 1.625 lakh per month. This worked out to Rs 36.02 crore paid as service fee to the company up to August 2001. The transponder is lying idle.

The scheme for setting up the KU band uplinking had not been sanctioned by the Ministry when DD had hired the KU band. This was on the face of the fact that the Ministry of Communication's ban on KU band satellite operation came into force in 1997 and remained operational till October 2000. Explaining the possibility of future use, DD stated in March 2001 that the KU band transponder could be used for digital satellite news gathering as and when the KU band hub was fully operational. The KU band hub which has been installed in the premises of Mandi House, headquarters of DD, has been commissioned in March 2001 but is not being utilised. Evidently, DD has no firm plans for the use of KU band transponder and almost half of its life has already been wasted without utilisation, while a large expenditure has been incurred on its servicing. Quite clearly, the decision of the DD to go in for hiring was done without close co-ordination with the Information and

Broadcasting Ministry and thus proved pre-mature leading to this position after six years of its acquisition. In the process, an expenditure of Rs 36.02 crore on hiring of KU band has been largely unfruitful.

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

13.5 Non-commissioning of television transmitter

Delay in building work and erection of steel tower resulted in non-commissioning of television transmitter installed at a cost of Rs 457.41 lakh.

A scheme for setting up a 10 Kilo Watt Television (KWTV) transmitter at Ajmer in Rajasthan was sanctioned in March 1991 at a cost of Rs 198.90 lakh, which was subsequently enhanced in October 1997 to Rs 391.60 lakh. The 150 Meter high steel tower at High Power Transmitter (HPT) Ajmer was sanctioned in March 1998 at a cost of Rs 169.36 lakh.

Director General, Doordarshan (DD) had earlier placed an order on M/s Bharat Electronics Limited (BEL) in March 1992 for the supply of 10 KW TV transmitters for Mussoorie and Jalandhar. These were subsequently ordered to be diverted to Ajmer and Jodhpur in February 1995. The transmitter meant for Ajmer was supplied by M/s BEL in December 1995. Scrutiny of records showed that building work commenced only in 1996-97 i.e after the receipt of equipment. Total capital expenditure incurred upto March 2001 amounted to Rs 457.41 lakh.

The work relating to supply, fabrication and erection of 150 M steel tower awarded to M/s Triveni Structurals Limited in March 1998, with scheduled date of erection of tower as September 1999, had not been completed. The Chief Engineer (North Zone) stated in October 2001 that only foundation of 150 M steel tower has been cast.

Thus, the 10 KWTV transmitter is not operational even after about six years of its receipt and has already outlived half its normal life of 10 years. DD stated in August 2001 that the transmitter has been commissioned as an interim setup on 1 KW on 11 July 2001.

Ministry stated in October 2001 that delay was due to non-construction of approach road by state Government and that a case was filed by Indian National Trust for Art & Culture Heritage (INTACH). The reply is not tenable as these are prerequisites for selection of site before implementing any project.

13.6 Loss due to incorrect categorisation of serials

Doordarshan categorised ordinary serials under Children and Sports categories and charged lesser rates leading to loss of revenue of Rs 5.60 crore.

For regulating the telecast fees for different categories of programmes on national television, Doordarshan (DD) lays down the rates periodically through a rate card structured on the basis of the nature, timing and commercial importance of programmes. The rate card seeks to achieve the optimal revenue generation potential. Audit found that DD, in certain instances, did not charge the rates prescribed in the rate cards, and thereby incurred substantial losses as detailed below:

(a) DD telecast a Hindi Serial 'Captain House' on its Metro Channel from 18 July 1998 to 12 October 2000 on Saturdays in the 9.00 p.m. slot. 100 episodes of the serial were run during this period.

While the slot falls under 'Super-A' category and attracts the normal telecast fee of Rs 2 lakh per episode with Free Commercial Time (FCT) of 120 seconds, DD charged lower rates applicable for children category of programmes though they neither considered the programme fit for children's category nor approved it as such. By charging the rates of children category, DD allowed additional FCT of 60 seconds valued at Rs 3 lakh besides short charging of telecast fee by Rs 1 lakh in each episode. Thus in each episode, DD sustained a loss of Rs 4 lakh.

After running 48 episodes, DD decided to charge the full telecast fee of Rs 2 lakh without reducing the FCT to that as was admissible to any normal programme. Thus, the producer of the programme continued to enjoy inadmissible FCT of 60 seconds over and above the admissible FCT of 120 seconds until the last episode on 12 October 2000.

DD also tried to impose a 50 *per cent* hike in telecast fee from 53rd episode. However, they did not do so in view of the producer's continued insistence. In their efforts to impose hike, DD had allowed an additional FCT of 30 seconds from 53rd episode (in addition to 60 seconds extra already allowed) which they did not withdraw until 70th episode when they finally agreed to the producer's request for withdrawal of 50 *per cent* hike retrospectively.

Apart from short charging due to incorrect categorization, audit also observed that DD retrospectively waived the charging of Minimum Guarantee (MG) for first 20 episodes run on MG basis which the producer himself had offered in the initial stages for getting the programme approved. By doing so, DD lost Rs 69.90 lakh on this count alone.

Owing to these failures, DD suffered an over all loss of Rs 4.45 crore in telecasting this programme.

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(b) The programme titled “Champion” was again wrongly categorized by DD. The programme was a fiction serial except that the chosen topic was cricket. DD treated it as a sports serial and charged telecast fee of only Rs 0.75 lakh against normal fee of Rs 2 lakh and allowed FCT of 150 seconds against admissible 120 seconds in each episode.

This programme also went on air on Metro Channel from 1 October 1998 on Thursdays in 8.30 p.m. slot which was later shifted to 9.30 p.m. slot on Wednesdays from 10 March, 1999. These slots also fall under ‘Super-A’ category. So, in this case, DD allowed extra FCT of 30 seconds valued at Rs 1.50 lakh and short charged the telecast fee by Rs 1.25 lakh in each episode.

In November 1999, the mistake was realised and the commercial terms were revised to telecast fee of Rs 2 lakh with FCT 180 seconds per episode (i.e. 60 seconds extra from FCT applicable to the slot). DD asked the producer to resume telecast from 8 December 1999 as it had allowed a break of two weeks. But the producer did not agree to revised rates and no episode was telecast on revised rates. Thus, DD lost Rs 1.02 crore in 37 episodes.

During the period, apart from telecast of 37 normal episodes, DD telecast four repeat episodes. Against these repeat episodes, DD sustained a further loss of Rs 13.5 lakh as the telecast fee was charged with 50 per cent premium in such cases. The over all losses for this programme amounted to Rs 1.15 crore.

Thus, due to incorrect categorization of these two programmes, DD suffered a loss of Rs 5.60 crore in the telecast of these programmes.

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

13.7 Loss due to change of minimum guarantee terms

Doordarshan accepted requests of producers/agencies for change in agreed commercial terms which resulted in revenue loss of Rs 3.42 crore to Doordarshan.

Doordarshan introduced the Minimum Guarantee Scheme in 1995, whereby producers were to pay a “minimum lump sum amount” for telecast of the programme and in lieu they were offered certain extra commercial time. The Minimum Guaranteed amount was required to capture the telecast fee and the cost of additional commercial time. However, producers were entitled to certain concessions (at prescribed rates) on purchase of additional units of commercial time (spot buys).

Audit came across instances where DD accepted the requests of producers/agencies and agreed to bring the programmes on to normal telecast fee basis though the agreed terms were on MG basis. This resulted in revenues lower than the minimum guaranteed amount by producers/agencies under MG scheme. Besides, in some cases, the MG amount was either lowered or rates charged were lesser than prescribed. These cases are detailed below:

(a) The Mumbai High Court pronounced a judgement on 4 December 1997 in the case of a sponsored film-based programme “Super Hit Muqabla” and authorised DD to telecast any substitute programme in its place in the 9.00-10.00 PM slot on Sundays on Metro channel. Consequently, DD instead of inviting fresh bids for the slot, entered into an agreement with National Films Development Corporation (NFDC) on 12 December 1997 for telecast of 52 episodes of a sponsored programme “Avval Number” in this slot. As per agreement NFDC was to pay an MG of Rs 40 lakh (gross) and avail Free Commercial Time of 760 seconds per episode while the earlier programme “Super Hit Muqabla” was running at MG of Rs 51 lakh per episode with FCT of 655 seconds.

The telecast of ‘Avval Number’ commenced in December 1997 and the 52 episodes were completed on 3 January 1999.

As the agreement of NFDC for “Avval Number” was due to expire with telecast of 52nd episode, the Review Committee unanimously shortlisted two programmes out of seven offers for replacement of existing programme. But, instead of allotting the slot to any new programme, DD allowed the existing programme (Avval Number) to continue beyond 52nd episode and upto September 1999, despite the fact that Chief Executive Officer had ordered immediate replacement of the programme in January 1999.

In August 1999, NFDC requested Doordarshan to convert the programme from MG basis to slot fee basis retrospectively from July 1998 onwards. DD considered the request and decided to charge MG upto December 1998 and sponsorship fee of Rs. 5.20 lakh per episode with 180 seconds of FCT beyond this date. But NFDC again requested charging of sponsorship fee from July 1998. DD reconsidered the request and accepted it as a special case on the grounds that NFDC was on the brink of financial collapse and that Doordarshan has a long standing business relationship with NFDC. However, waiving the MG retrospectively was incorrect. Thus, DD sustained a loss of Rs 7.40 crore.

(b) In the case of another serial “Virat”, DD brought down the agreed MG terms to sponsorship fee basis retrospectively and sustained losses. This serial went on air from 1st February 1998 and its terms were approved and fixed for 52 episodes on MG basis. The approved MG was Rs 12.72 lakh per episode for the first 13 episodes and Rs 15.75 lakh per episode thereafter with FCT of 270 seconds.

After running 9 episodes, the producer requested DD to charge normal telecast fee with prescribed FCT instead of MG on grounds of high production cost of the programme. But the committee formed by DD for the purpose found that cost of production of the serial was comparable to that of other serials and its quality was not above average and turned down the request. In August 1998, based on the producer’s request for reconsideration, DD brought the programme on normal sponsorship fee of Rs 3 lakh per episode for the first 13 episodes and Rs 3.60 lakh per episode from 14th episode onwards with 90 seconds of FCT from the first episode itself. While doing so DD ignored the

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fact that the committee formed for the purpose had not found the cost of production high and that the producer himself had offered MG basis in initial stages for telecast of his serial. DD also ignored the advice of Director (Finance) who had opined that no retrospective revision of terms and conditions of sponsorship should be allowed if that was detrimental to interests of DD. Thus, injudicious decision of DD resulted in loss of Rs 3.82 crore for 34 episodes telecast up to 4 October 1998.

(c) DD acquired telecast rights of US Open Tennis Tournament 1997 for US \$ 60,000 (Rs 25.80 lakh) plus 20 *per cent* income tax (Rs 5.16 lakh) and gave exclusive marketing rights for live telecast from semi-finals onwards (both Ladies and Men's) on a single quote basis to M/s Stracon India Pvt. Ltd., New Delhi at MG of Rs 25.05 lakh (gross).

The terms and conditions stipulated that the agency could avail additional commercial time over and above the admissible FCT of 150 seconds per half an hour. Revenue over and above the MG amount was to be shared in the ratio of 70:30 in favour of DD but category of matches/events was not specified. While according to approved Rate Card, the live telecast of international sports events/highlights fall under 'A-Special' category, the matches for US Open Tennis 1995 were categorised as 'A-Special' upto 22.30 hours and as 'A' beyond that except Men's final which was placed in 'A-Special' category.

After the telecast, the agency requested for discount of Rs 18.375 lakh from the MG amount on the grounds that the live telecast started late, some commercials of ESPN were telecast on DD and DD failed to run sponsor scrolls in the Ladies final. While DD did not agree to the claim for late start of the matches, it reduced the MG amount to 60 *per cent* (September 1998) and revised the bill to Rs 12,77,550 (net) without correlating it with the actual commercial time utilised by the agency.

The log books showed that agency consumed 1726 seconds and 2307 seconds on DD-I and DD-II respectively the gross value of which, on the basis of categorisation of 1995, worked out to Rs 180.40 lakh with DD's share as Rs 98.39 lakh over and above the reduced MG amount of Rs 12,77,500 (net). DD recovered only the reduced MG amount and did not ask for payment of its share of Rs 98.39 lakh and sustained a loss to that extent.

(d) The sponsored Hindi serial "Samjhota", went on air from 13 November 1996 on Wednesdays in 9.30 p.m. slot on Metro Channel against an MG of 60 seconds additional commercial time. After running only 19 episodes till 26 March 1997 it went off the air. The marketing agency requested in May 1997 to either waive the amount payable towards MG of 60 seconds or allow banking of additional commercial time of 1140 seconds (60 x 19) to be used in their existing programmes because it was incurring huge losses. DD examined both options and accepted the second one and revised the bills by deducting the value of 60 seconds per episode. The deduction amounted to Rs 68.40 lakh.

Audit noticed that the marketing agency did not purchase any commercial time out of its committed 1140 seconds while DD had already relinquished its claim against the agency and, thus, incurred a loss of Rs 68.40 lakh.

(e) In the case of “Screen Videocon Awards” telecast on 8 February 1998 for three hours from 9.30 PM to 12.30 AM on National Channel, DD charged lower rates of SBR in comparison to those prescribed in rate card and sustained loss. DD had approved an MG of Rs 12 lakh (gross) categorising the programme as ‘Super A’ for first hour and as “A” thereafter. DD also allowed maximum commercial time of 2700 seconds in three hours with SBR of Rs 40,000 for first hour and Rs 30,000 for next two hours while the rate card provides for Rs 80,000 and Rs 60,000 respectively. DD and the producer were to share gross revenue beyond MG in the ratio of 60 (DD): 40 (producer).

Audit noticed from the telecast certificate that the producer used a total commercial time of 1529 seconds (478 seconds in the first hour and 1051 seconds in the next two hours) the gross value of which at SBR of rate card worked out to Rs 101.40 lakh. Accordingly, DD’s 60 *per cent* share of revenue surplus beyond MG worked out to Rs 53.64 lakh. But against its total share of Rs 66.44 lakh (MG Rs 12 lakh + Branding Charges 0.80 lakh + 60 *per cent* share of surplus revenue) DD charged and recovered only Rs 12.80 lakh. This resulted in short billing and consequential loss of Rs 53.64 lakh.

In these five deals, DD sustained a total loss of Rs 13.42 crore.

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