

**PUBLIC ACCOUNTS COMMITTEE  
(1971-72)**

(FIFTH LOK SABHA)

**FORTY-EIGHTH REPORT**

**[Action taken by Government on Hundred and Twentieth Report (Fourth Lok Sabha) on Audit Report (Commercial), 1968 - Section XVII relating to Films Division and Paragraph 33 of Audit Report (Civil), 1969, relating to the Ministry of Information & Broadcasting.]**



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*April, 1972/Vaisakha, 1894 (Saka)*

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CORRIGENDA TO THE 48TH REPORT OF THE P.A.C.  
(FIFTH LOK SABHA) PRESENTED TO LOK SABHA ON  
28.4.1972.

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## CONTENTS

	PAGE
COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE (1971-72) . . . . .	(iii)
INTRODUCTION . . . . .	(v)
CHAPTER I Report . . . . .	I
CHAPTER II Recommendations/observations that have been accepted by Government . . . . .	11
CHAPTER III Recommendations/observations which the Committee do not desire to pursue in view of the replies of Government . . . . .	27
CHAPTER IV Recommendations/observations replies to which have not been accepted by the Committee and which require reiteration . . . . .	30
CHAPTER V Recommendations/observations in respect of which Government have furnished interim replies . . . . .	32
APPENDIX Summary of Conclusions/Recommendations . . . . .	35

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 Date: 7.6.72

PUBLIC ACCOUNTS COMMITTEE  
(1971-72)

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SECRETARIAT

Shri B. B. Tewari—*Deputy Secretary.*

Shri T. R. Krishnamachari—*Under Secretary.*

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\*Ceased to be Member of the Committee consequent on retirement from Rajya Sabha w.e.f. 2-4-1972.

\*\*Declared elected to the Committee on 3-6-71 *vice* Shri Niranjan Verma resigned.

## INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this Forty-Eighth Report on the Action Taken by Government on the recommendations of the Public Accounts Committee contained in their 120th Report (Fourth Lok Sabha) relating to the Ministry of Information and Broadcasting.

2. On the 8th July, 1971, an "Action Taken" Sub-Committee was appointed to scrutinise the replies received from Government in pursuance of the recommendations made by the Committee in their earlier Reports. The Sub-Committee was constituted with the following Members:

Shri B. S. Murthy—*Convener*.

2. Shri Bhagwat Jha Azad	} <i>Members</i>
3. Shri Ram Sahai Pandey	
4. Shri C. C. Desai	
5. Shri Thillai Villalan	
6. Shri Shyam Lal Yadav	

3. The Action Taken Notes furnished by the Government were considered by the Action Taken Sub-Committee of the Public Accounts Committee (1970-71) at their sitting held on the 9th December, 1970. Consequent on the dissolution of the Lok Sabha on the 27th December, 1970, the Public Accounts Committee ceased to exist from that date. The Action Taken Sub-Committee of the Public Accounts Committee (1971-72) considered and adopted this Report at their sitting held on the 25th April, 1972 based on suggestions of the Sub-Committee of P.A.C. (1970-71) and further information received from the Ministry of Information and Broadcasting. The Report was finally adopted by the Public Accounts Committee on the 27th April, 1972.

4. For facility of reference the main conclusions/recommendations of the Committee have been printed in thick type in the body of the Report. A statement showing the summary of the main recommendation/observations of the Committee is appended to the Report (Appendix).

( vi )

5. The Committee place on record their appreciation of the commendable work done by the Convener and the Members of the Action Taken Sub-Committee (1970-71) in considering the Action Taken notes and offering suggestions for this Report which could not be finalised by them because of the sudden dissolution of the Fourth Lok Sabha.

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

ERA SEZHIYAN,  
*Chairman,*

*Public Accounts Committee*

NEW DELHI,

*April 27, 1972.*

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*Vaisakha 7, 1894 (Saka)*

*Working results of the Films Division—Paragraph 1.68 (S. No. 6)*

1.6. In paragraph 1.68 of their 120th Report, the Committee had made the following observations about the working results of the Films Division:

“The Committee are not satisfied with the working results of the **Films Division**. The accounts no doubt show a surplus every year, but this surplus is illusory as it has been worked out after taking credit for “notional revenue” every year in respect of films released for free exhibition. The quantum of such “notional revenue” which varied from about 56 per cent to 73 per cent of the actual revenue realised during the period 1964-65 to 1967-68, shot up in 1968-69, when it was virtually equal to actual revenue.”

1.7. In their action taken note dated 24th November, 1970 the Ministry of Information and Broadcasting furnished the following reply :

“Apart from producing films of theatrical release, the Films Division produces films for specialised audience and for showing **exclusively** on the mobile exhibition vans through D.F.P. to the rural masses. These films are supplied free of charge. Hence there is no objection if the Films Division takes credit for free supplies. Moreover, the ‘notional revenue’ are not bound to increase as the exhibition facilities through mobile vans increase and the Films Division is able to reach more and more of population. Besides it may be stated that:—

- (i) Films Division has to share the screening time for approval films with the State Governments. As more State Government films are being made available to Film Division for distribution, the revenue from this source will decrease. The Division will perhaps have to concentrate more on films for rural publicity and special films.
- (ii) Films Division has to produce instructional films, record films etc., of which only a few copies are required. It means a losing proposition.
- (iii) Films Division has to dub films in some languages even through the requirement are very small. A commercial organisation would not undertake such dubbing.



2. The Films Division being a publicity organisation has to measure its performance more in terms of publicity than by profits made. The cost of production of Films Division is therefore, apt to be higher than the private producers and rise in prices is also reflected in it.

3. However, when the Costing system of the Films Division is overhauled and expenditure is properly allocated, it is hoped that the cost differential will not be so much. Preliminary action in this regard has already been taken."

**1.8. The Committee are not still convinced of the reasonableness of the credit taken for 'Notional Revenue' in view of its rapid multiplication during the period 1964-65 to 1968-69 in comparison with the revenue actually realised. They would, therefore, suggest that a more realistic basis should be evolved in consultation with Audit to reckon 'notional revenue' in respect of films distributed for screening free of charge.**

*Performance of the Films Division—Paragraph 1.69 (S. No. 7).*

1.9. The Committee made the following comments in paragraph 1.69 of the Report about the performance of the Films Division:

"Considering that it is obligatory for cinema houses under the law to screen all documentaries produced by the Films Division (of 2,000 ft or less), the Committee cannot help feeling that the Films Division has not given a good account of itself. The representative of the Ministry of information and Broadcasting himself admitted during evidence that he could not claim that the state of affairs was a very happy one."

1.10. The Ministry of Information and Broadcasting in their note dated 17th January 1972 replied as under:

"The observations of the Public Accounts Committee have been conveyed to the Controller of the Films Division, Bombay for taking appropriate action. The working of the Films Division has since been examined recently by the Administrative Staff College, Hyderabad. Their report is under examination. The S.I.U. of the Ministry of Finance is also examining the working of the Films Division. Their final report is awaited.

**The Committee will be apprised of the findings of S.I.U. of the Ministry of Finance in due course."**

**1.11. The Committee feel that apart from the measure now taken by Government to improve the working of the Films Division emphasis has to be laid on improving the quality of documentaries. They would accordingly suggest that Government should endeavour to improve the quality of Films produced by the Films Division.**

*Procedure for determination of rates for production of films by outside producers—Paragraph 1.119 (S. No. 17).*

1.12. Dealing with the rate allowed by Government for production of a documentary film "India's Case on China", by a private producer, the Committee made the following recommendation regarding the procedure for determination of rates for production of films by outside producers in paragraph 1.119 of the Report :

"There is one point arising out of this case which calls for careful examination. An analysis of the arbitrator's award indicates that as against Rs. 35 per foot allowed to the producer, his cost of production, excluding overheads was Rs. 16.17 per foot. A question, therefore, arises whether the margin allowed to the producer was not high. The Committee would like Government to examine this and a few other typical cases, with a view to ascertaining whether there is any rational basis for determination of rates contracted for with outside producers. The Committee recognise that producers will have to be paid according to their merit and standing and that the rates offered will have to be reasonably attractive, but the impression that the Committee get is that the rates are fixed in an *ad hoc* manner. The findings in later section of this Report lend substance to this belief. The Committee would like Government to examine whether the procedure in this regard could not be systematised."

1.13. The Ministry furnished the following reply in their note dated 16th November, 1970.

"Films are assigned to producers generally on competitive tender basis. Tenders are invited from producers on the panel but in certain cases where the subjects are of a difficult and specialised nature and require expert handling limited tenders are invited from a few selected producers from the panel. In exceptional cases, important films are assigned to producers on or outside the panel on negotiation basis, the rates being settled by mutual agreement. Efforts are made to keep the rate as low as possible but due allowance has to be made for

the producer's standing and creative ability not to speak of the remuneration of the producer for the time that he has to devote to the making of the film."

1.14. While the Committee recognise the fact that rate for production of film depends on the type of the film, they would like to suggest that offers for production of films should be scrutinised by a Committee consisting of experts including those from outside the Ministry of Information and Broadcasting. They also feel that Government should, on the basis of their past experience in the production of films, work out predetermined basic rates per unit length for different types of films which can be a guide for awarding contracts either on tender basis or on negotiation basis so that patently excessive rates as in the case under consideration are not paid to the producers.

*Production of Film Case on Indo-China Border No. 2—Paragraphs 1.133—1.136 (S. Nos. 22—25 .*

1.15. In their 120th Report (Fourth Lok Sabha) the P.A.C. *Inter alia* have dealt with production of two documentary films on India-China Border dispute (viz, "India's Case on China" and "India-China Border No. 2") for which two separate contracts had been entered into with a private producer in January, 1963 and July 1963 respectively. In both these cases there was delay in production of the films. The first film was delivered in November, 1964 and the second film in July, 1968.

1.16. In the first case, a dispute arose in the settlement of the producer's claim and the matter was referred to an arbitrator who held Government responsible for delays and awarded the producer Rs. 2.79 lakhs as damages on this account, besides certain other charges.

1.17. The Committee in their report dealt with two aspects of the contract for production of Indo-China Border No. 2 i.e. delay in production and higher rate paid to the producer. The Committee made the following observations in paras 1.133 to 1.136 of the Report:

"This is an even more glaring instance of delay in production of a documentary which defeated the very purpose for which its production was undertaken.

"The documentary, like the one examined by the Committee in an earlier section of this Report, was intended to present India's case in its border dispute with China. According to the contract which was executed on 10th July, 1963, the rough-cut of the documentary with commentary was to be given by the producer to Government for approval within 90 days of

the agreement (i.e., by 7th October, 1963). The rough cut was, however, delivered by the producer for approval only on 19th January, 1966. The delivery of the final film was further delayed by the producer till July, 1968 on the ground that arbitration proceedings were in progress in respect of claims relating to production of the other film allotted to him (dealt with in the previous section of this Report).

“The Committee are at a loss to understand how Government acquiesced in the delay that occurred at various stages particularly in a film the timely production of which was of great importance from the point of view of the country’s external publicity. It is also strange that after having made full payment for the film, they should have allowed the producer to hold up delivery of the final film pending outcome of arbitration proceedings which were entirely unconnected with this case. The Committee would like an investigation to be made to ascertain why the delay occurred and whether there was any justification for condoning this delay.”

“The Committee would like to mention one other point. The rate per foot agreed for this film i.e., Rs. 50 was even higher than the rate agreed upon in the previous case, i.e., Rs. 35 per foot. Government themselves were aware that this rate was unconscionably high but were compelled to accept it in the circumstances that then obtained. In fact, the Secretary to the Ministry of Information and Broadcasting placed it on record that the producer’s demand of higher rate was like that of a surgeon demanding a higher fee after the patient had been put on the operation table and opened up.” The Committee would like Government to consider whether in view of this experience it is desirable for Government to have further dealings with this producer.”

1.18. In their action taken note dated 16th November, 1970 the Ministry of Information and Broadcasting stated as follows :—

“The completion of the second film ‘The Shadow Across the East’ was delayed by the producer, for he pleaded that he was too pre-occupied with the arbitration proceedings of the first film ‘India’s case against China’. In the circumstances, Government accepted his request for extension of time for the completion of the second film.”

"No work has been assigned to this producer by this Ministry since then. Committee's observation will be kept in view if any offer to make a film is received from him in future."

1.19. In July 1971 the producer concerned submitted a representation to the Chairman, P.A.C. stating that the facts on which the Committee based their conclusions were not correct and that complete facts regarding delay in film No. 2 were not brought to the Committee's notice.

1.20. The Ministry of Information and Broadcasting were therefore asked to furnish further information about the delay that occurred at the various stages in the production of the second film.

The Ministry of Information and Broadcasting have furnished a detailed note (page 18) showing in chronological order the various factors and circumstances leading to delay in production of the film on Indo-China Border No. 2. The following position emerges:

- (i) According to the original contract, the rough-cut of Indo-China Border Film No. 2 was to be delivered by the Producer by 7th October, 1963. It was later agreed to by the Ministry that the rough cut of this film might be delivered within one month from the day on which the rough cut of Film No. 1 would be completed. The rough cut of Film No. 1 was submitted by the producer on 20th September, 1963 but it was finally approved on 11th November, 1964.
- (ii) After the producer supplied the text of the commentary on 14th August, 1964, it was decided on 26th August, 1964 to drop the production of Film No. 2 at the instance of the Ministry of External Affairs. But after the producer discussed this matter in January, 1965, it was agreed to revive the film and he was asked to revise the commentary text. The comments on the revised commentary were sent to the producer on 29th July, 1965.
- (iii) In the meantime the producer was assigned another film on Pakistan's conflict with India. The time-limit or submission of rough cut of film "Case of Indo-China Border No. 2" was agreed to be extended to within 30 days after delivery of the film on Pakistan conflict with India. The film on Pakistan's conflict with India was completed in December, 1965.
- (iv) The rough cut of Indo-China Film No. 2 was submitted on 19th January, 1966 and was returned on 14th March, 1966, suggesting some alternations therein. The producer failed to deliver the revised rough cut and was served with a notice on

20th April, 1967 after consulting the Ministry of Law, that the contract would be cancelled if the rough cut was not delivered within 45 days. The producer represented on 25th May, 1967 that since he was busy with arbitration proceedings in Delhi in connection with the first film on India-China Border Case, he may be allowed to deliver the film within 45 days of the finalisation of the arbitration proceedings.

- (v) The request of the producer for extension of time limit for delivery of the film was agreed to in April, 1968. The film was delivered on 26th July, 1968.

1.21 As regards the higher rate of Rs. 50 per foot paid by Government for Film No. 2, as against Rs. 35/- per foot paid for Film No. 1, the producer in his representation has justified his demand for the higher rate by pointing out the instances of higher rates paid in certain other cases. He has also drawn attention to the evidence tendered before the P.A.C. by the witness that "the amount of Rs. 35 per foot for the first film possibly seemed to be on the low side both according to the arbitrator and according to the Ministry." It was also stated that "Payment of Rs. 50 a foot is not unusual for outstanding producers for instance . . . . film on Lord Budha was paid that much."

1.22. According to the information now furnished by the Ministry, the maximum rate paid to the private producers during the year 1963-64 when contract for production of this film was concluded and three years preceding was as follows:—

	Rs.
*1960-61	15.85
*1961-62	14.63
*1962-63	50.00
**1963-64	31.19

1.23. According to the Ministry the higher rate of Rs. 50 was paid in 1962-63 in respect of the film on Swami Vivekananda for the following reasons:

- (1) The producer has done considerable research on the subject and rough outline prepared by him for this was really good;
- (ii) The rate included cost of shooting abroad for registering different events on Swamiji's life in USA, UK, Egypt and other places all over India and also procurement of filmic materials from these countries.

\*vide page 17 *ibid*.

\*\*vide page 48, 120th Report of PAC (4th Lok Sabha)

1.24. In a note furnished to the Public Accounts Committee (1969-70) which has been reproduced in para 1.124 of the 120th Report (Fourth Lok Sabha) the Ministry had stated that in the case of Indo-China Border Film No. 2 the producer had done considerable research on the subject. However, it is not clear whether the film No. 2 on China involved any costly shooting abroad as in the case of the film on Swami Vivekananda.

1.25. The producer has claimed in his representation the film would cost at least as much as a documentary on Swami Vivekananda in the following words:

“Surely, it will be agreed that a film dealing with the decisions and policies of the leaders of distant countries such as China, Ceylon, Burma, Indonesia, Africa, the U.S.S.R. and the U.A.R. a film dealing with Chinese claims to Nepal Sikkim, Bhutan, to North Vietnam and South Vietnam and claim to the Andaman Island; a film dramatising the great debate between Krushchev and Mao Tse-Tung on question of Nuclear War and World Peace, would cost at least as much ‘as a documentary on Swami Vivekananda.’”

1.26. The following information was given to the Committee (1969-70) *vide* para 1.127 of 120th Report about concessions given by Government for shooting Indo-China Film No. 2:

“The Committee enquired whether the facilities and concessions shown in the matter of shooting and procurement of raw film for the production of the earlier picture were extended in this case also. The Ministry replied that the producer did not need assistance of Defence authorities for this film and as such there was no question of payment to Defence authorities. As regards stock shots supplied by Films Division to the producer, these were supplied at non-commercial rates for both film No. 1 and Film No. 2 subject to a total length of 1,500 ft. for both the films together.”

1.27. The Committee have observed in paragraph 1.133 of their 120th Report (Fourth Lok Sabha), that this case is an even more glaring instance of delay in production of a documentary which defeated the very purpose for its production. The contract was signed on 10th July, 1963, but the final film was delivered on 26th July, 1968 *i.e.*, after five years. The Committee had desired Government to investigate why the delay occurred and whether there was any justification for condoning it. From the infor-

mation now furnished to the Committee, they find that the delay in the production of Film No. 2 was due to the following factors:

- (i) Government agreed to allow the producer to link up production of rough cut of Film No. 2 with Film No. 1, although this was not provided in the contract.
- (ii) There was indecision on the part of Government whether or not to proceed with the Film No. 2.
- (iii) The same producer was entrusted with another film on 'Pakistan conflict with India' and the time limit for submission of rough cut of the Film No. 2 was agreed to be extended to within 30 days after delivery of this film.
- (iv) The producer was further allowed an extension pending the outcome of arbitration proceedings in the dispute regarding Film No. 1, although these were not connected with Film No. 2.

1.28. As regards the higher rate of Rs. 50/- per foot paid for the Film No. 2 as against Rs. 35/- per foot for Film No. 1, the Committee had in paragraph 1.136 of their 120th Report (Fourth Lok Sabha) referred to a note recorded by the Secretary, Ministry of Information and Broadcasting that the Producer's demand of higher rate was like that of surgeon demanding higher fee "after the patient had been put on the operation table and opened up." The Committee had recommended that in view of this experience Government should consider whether it was desirable to have further dealings with this producer. From the information now furnished to the Committee they find that rate of Rs. 50/- per foot was paid earlier in the case of film on Swami Vivekananda in 1962-63 as it involved research work and costly shooting abroad. The Committee had been informed during evidence that the rate of Rs. 35/- per foot for the Film No. 1 'possibly seemed to be on the low side' and that some extra payment was made for the Film No. 2. It is not clear to the Committee whether the research work and shooting involved in this case justified the higher rate as paid in the case of Swami Vivekananda. The Committee feel that it was open to Government in July, 1963 not to agree to the higher rate demanded by the producer and entrust the work to another person. The Committee would, however, like to leave it to Government to take such decision as they deem necessary on the basis of the facts of the case.

1.29. The Committee desire that care should be taken to avoid such wasteful transactions in future and that the acceptance of offer for production of films should be entrusted to a committee as suggested earlier in this report.



## **CHAPTER II**

### **RECOMMENDATIONS/OBSERVATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT**

#### **Recommendation**

The Committee note that there was a substantial shortfall in production of documentaries by the Films Division during the years 1965-66 and 1966-67. In the subsequent years, the position improved, but this was not due to any increase in output, but a reduction in the targets.

[S. No. 1 of Appendix II (Paragraph 1.26) of 120th Report--4th Lok Sabha].

#### **Action Taken**

The observation has been noted.

[Ministry of Information and Broadcasting endorsement No. 42/4/70-F(P), dated 16-11-1970].

#### **Recommendation**

Apart from other factors, the main reason for the shortfall in production was shortage of directorial staff. The data furnished to the Committee shows that this is a persisting phenomenon and that the position in this regard has deteriorated. The shortage of Directors has resulted in other resources of Films Division by way of men and material being kept idle. The Committee would like Government to consider steps to bring about a permanent improvement in the position.

Recruitment procedures should be streamlined and conditions of service and work made congenial enough to attract and retain real talent. There is a Film Institute at Poona which trains people in this line. Competent staff from that Institute should be drafted, if necessary and trainees who show promise should be induced to join the services of the Films Division.

[S. No. 2 of Appendix II (Paragraph 1.27) of 120th Report—4th Lok Sabha].

#### **Action Taken**

The recommendations of the Committee have been noted and all efforts will be made to avoid vacancies in the directorial staff, remaining unfilled. The recruitment rules in respect of a number of posts in the Films Division

sion have already been revised so as to make the diploma holders from the Film and Television Institute of India eligible for appointment thereto.

[Ministry of Information and Broadcasting O.M. No. 13/12/70, dated 16th October, 1970].

### **Recommendation**

The Committee consider it essential that utmost stress should be laid on the quality of films produced by the Films Division. Government have **claimed** that the quality has recently improved and that this is reflected in the increasing number of awards won, but an objective assessment on this point is called for by experts in the field. The fact that overseas editions of newsreels previously produced by the Films Division had not proved popular and were, therefore, discontinued from 1966-67 would appear to suggest that there is ample room for improvement.

[S. No. 3 of Appendix II (Paragraph 1.28) of 120th Report—4th Lok Sabha].

### **Action Taken**

The recommendation that utmost stress should be laid on the quality of films produced by the Films Division and an objective assessment should be made by experts in the field, has been noted. Pre-testing of some of the Films Division productions has already been undertaken.

[Ministry of Information and Broadcasting endorsement No. 42/4/70-F(P), dated 16th November, 1970].

### **Recommendation**

The Committee observe that 25 per cent of the documentaries to be produced by the Films Division every year are earmarked for production by outside producers. Though, since 1967-68, these producers have been fulfilling their obligations, in earlier years they had failed to produce the allotted quota. In some cases this was no doubt due to default on their part, but the information furnished by Government shows that procedural delays in Government Departments held up production of films on occasions. Later in this Report, the Committee have reviewed a case, where due to delays on the part of Government in approving scripts and rough-cuts and according to facilities that had been agreed upon, production of an important documentary was held up resulting in arbitration proceedings which cost Government an extra expenditure of over Re. 2.79 lakhs. The Committee would like Government to take precautions against recurrence of such situations in their dealings with outside producers.

[S. No. 4 of Appendix II (Paragraph 1.29) of 120th Report—4th Lok Sabha].

### **Action Taken**

The observation of the Committee has been noted.

[Ministry of Information and Broadcasting endorsement No. 42/4/70-1 (2), dated 16th November, 1970]

### **Recommendation**

The Committee are not satisfied with the working results of the **Films Division**. The accounts no doubt show a surplus every year, but this surplus is illusory, as it has been worked out after taking credit for "notional revenue" every year in respect of films released for free exhibition. The quantum of such "notional revenue", which varied from about 56 per cent to 73 per cent of the actual revenue realised during the period 1964-65 to 1967-68, shot up in 1968-69, when it was virtually equal to actual revenue.

[S. No. 6 of Appendix II (Paragraph 1.68) of 120th Report—4th Lok Sabha]

### **Action Taken**

Apart from producing films for theatrical release, the **Films Division produces films for specialised audience and for showing exclusively on the mobile exhibition vans through D.F.P. to the rural masses.** These films are supplied free of charge. Hence there is no objection if the **Films Division takes credit for free supplies.** Moreover, the 'notional revenue' are not bound to increase as the exhibition facilities through mobile vans increase and the **Films Division is able to reach more and more of population.** Besides it may stated that:—

- (i) **Films Division has to share the screening time for approved films with the State Governments. As more State Governments films are being made available to Films Division for distribution, the revenue from this sources will decrease. The Division will perhaps have to concentrate more on films for rural publicity and special films.**
- (ii) **Films Division has to produce instructional films, record films etc., of which only a few copies are required. It means a losing proposition.**
- (iii) **Films Division has to dub films in some languages even though the requirements are very small. A commercial organisation would not undertake such dubbing.**

2. The Films Division being a publicity organisation has to measure its performance more in terms of publicity than by profit made. The cost of production of Films Division is therefore, apt to be higher than the private producers and rise in prices is also reflected in it.

3. However, when the Costing system of the Films Division is overhauled and expenditure is properly allocated, it is hoped that the cost differential will not be so much. Preliminary action in this regard has already been taken.

[Ministry of Information and Broadcasting U.O. No. 42/4/70-F(P), dated 24th November, 1970].

### Recommendation

The Committee cannot help feeling that Government showed no sense of urgency at all in dealing with matters relating to this picture *i.e.* 'India's case on China' the production of which was considered urgent from the point of view of the country's external publicity.

The production of this picture was undertaken to project the country's case in its border dispute with China. In an understandable anxiety to have the film completed very early, the contract was given to the producer without calling for tenders. There was a rigid time-table laid down for the completion of each stage of the picture, but yet Government itself by its actions rendered its implementation difficult.

The contract, signed on the 18th January, 1963, gave the producer thirteen days for the submission of a final script. It was therefore, reasonable to expect that Government would need a much shorter period for approving the script more so, because as pointed out by an arbitrator who adjudicated on this case, it had been "scrutinised with care" by the Ministry of External Affairs before the contract was placed. Yet the script submitted by the producer on 22nd January, 1963, was not finally approved till 15th April, 1963, due to time spent on meetings and discussions. As pointed out by the arbitrator, Government failed to exercise "reasonable diligence" in the matter.

[S. Nos. 10, 11 & 12 of Appendix II (Paragraphs 1.112, 1.113 & 1.114) of 120th Report—4th Lok Sabha].

### Action Taken

The observations of the P.A.C. have been noted. The subject matter of the film was of a sensitive and complicated nature which necessitated consultation with different Ministries of Government, *viz.*, Defence, External Affairs and I. & B., Commerce etc. The views of all these Ministries

etc. had to be obtained, reconciled and consolidated at every stage. Some delay in the circumstances, was inevitable.

[Ministry of Information and Broadcasting endorsement No. 42/4/70-F(P), dated 16th November, 1970.]

#### **Recommendation**

The contract gave the producer 90 days for the production of the rough-cut. The rough-cut, submitted by the producer on 20th September, 1963, underwent revision as many as seven times, in the course of which the length of the film was increased twice and reduced as many times. The arbitrator drew the inference that this was due to 'contradictory orders' passed by Government, in implementing which "Considerable amount of time and money must have been spent". The length of the film finally approved on 11th November, 1964 was about 6,300 ft. against the length of 3,500 ft. that Government had initially considered adequate for the proper exposition and correct treatment of the theme.

[S. No. 13 of Appendix II (Para 1.115) of 120th Report 4th Lok Sabha.]

#### **Action Taken**

The observation of P.A.C. has been noted

[Ministry of Information and Broadcasting endorsement No. 42/4/70-F(P), dated 16th November, 1970.]

#### **Recommendation**

The overall result of delay at all these stages was that the production of the film took about 23 months as against 10 months 25 days envisaged in the contract. Its topicality was also lost by the time it was ready. The arbitrator held Government responsible for the delays and awarded the producer Rs. 2.79 lakhs as damages on this account, besides costs, interest on certain portions of the claim and a sum of Rs. 0.95 lakh for deleted portions of the picture.

The Committee consider it extremely regrettable that Government should have by delaying action at every stage defeated the very purpose for which the production of the picture was undertaken. What is harder still to accept is that they landed themselves in this situation after extending substantial concession to the producer (e.g. by way of supply of films at concessional rates, free shooting facilities in border areas, waiver of security deposit). The Committee can only hope that there will not be a repetition of a case of this kind.

[S. Nos. 15 and 16 of Appendix II (Paras 1.117 and 1.118) of 120th Report—4th Lok Sabha]

### **Action Taken**

The observations of the Public Accounts Committee have been noted.  
[Ministry of Information and Broadcasting endorsement No. 42/4/70-F(P)  
dated 16th November, 1970.]

### **Recommendation**

The Committee would like it to be investigated whether the producer has included the amount received by him as a result of the Arbitrator's award in his Income-Tax return for the assessment year concerned. They would like to be apprised of the results of such an investigation.

[S. No. 21 of Appendix II (Paragraph 1.23) of 120th Report—  
4th Lok Sabha]

### **Action Taken**

This matter was taken up with the Commissioner of Income Tax, Bombay, who has since confirmed that Shri Rajbans Khanna had included in his income tax return the concerned year, the amount received by him from the Films Division as a result of the Arbitrator's award.

[Ministry of Information and Broadcasting endorsement No. 42/4/70-F(P) dated 16-11-1970]

### **Recommendation**

This is an even more glaring instance of delay in Production of a documentary film which defeated the very purpose for which its production was undertaken.

The documentary, like the one examined by the Committee in an earlier section of this Report, was intended to present India's case in its border dispute with China. According to the contract which was executed on 10th July, 1963, the rough-cut of the documentary with commentary was to be given by the producer to Government for approval within 90 days of the date of the agreement (i.e. by 7th October, 1963). The rough-cut was, however, delivered by the producer for approval only on 19th January, 1966. The delivery of the final film was further delayed by the producer till July, 1968 on the ground that arbitration proceedings were in progress in respect of claims relating to production of the other film allotted to him (dealt with in the previous section of this Report).

The Committee are at a loss to understand how Government acquiesced in the delay that occurred at various stages, particularly in a film the timely production of which was of great importance from the point of view of the country's external publicity. It is also strange that, after having made full payment for the film, they should have allowed the producer to hold

up delivery of the final film pending outcome of arbitration proceeding which were entirely unconnected with this case. The Committee would like an investigation to be made to ascertain why the delay occurred and whether there was any justification for condoning this delay.

[S. Nos. 22, 23, & 24 of Appendix II (Paragraphs 1.133, 1.134 & 1.135 of 120th Report—4th Lok Sabha.)

#### Action Taken

The completion of the second film 'The Shadow Across the East' was delayed by the producer, for he pleaded that he was too preoccupied with the arbitration proceedings of the first film "India's case against China". In the circumstances, Government accepted his request for extension of time for the completion of the second film.

[Ministry of Information and Broadcasting endorsement No. 42/4/70-F(P) dated 16-11-1970.]

#### Additional Information

A note indicating the chronological summary of the circumstances leading to the delay that occurred at various stages in production of the film No. 2 entitled "Case on Indo-China Border" is enclosed (Annexure).

\* \* \* \* \*

The minimum and maximum rates paid to private producers for Black and White films during the period from 1960-61 to 1962-63 are indicated below:—

Sl. No.	Year	Rs. Minimum rate per foot	Rs. Minimum rate per foot
1	1960-61	11.20	15.85
2	1961-62	9.45	14.63
3	1962-63	10.45	50.00

The Film on "Swami Vivekananda" was assigned to M/s..... on 18th January, 1963 and the contract was entered into with them on 20th February, 1963.

The justification for higher rate for the film on "Swami Vivekananda" is as follows:—

- (i) that M/s..... had done considerable research on the subject and rough outline prepared by them for this was really good;

- 14th March, 1966. . . . Consolidated comments suggesting some alterations were communicated to the Producer after previewing of the rough cut by the Ministry of External Affairs, this Ministry and Controller, Films Division. In the meantime the producer requested for additional 'On Accounts' payment to enable him to continue the work.
- 6th May, 1966. . . . On an assurance in writing given by the producer that he would carry requisite changes in the rough cut and commentary text he was given Rs. 30,000. He also assured that he would deliver the rough cut etc., within 45 days.
- The producer however failed to fulfil the assurance in spite of reminder.
- 11th January, 1967. . . . Since the producer failed to fulfil the assurance to deliver the film within the stipulated time, the Ministry of Law's advice was sought whether the contract with the producer could be terminated after issuing a show cause notice.
- 20th April, 1967. . . . In accordance with the Ministry of Law's advice, the Films Division wrote calling on the producer to deliver the film after carrying out changes within 45 days of the receipt of the letter failing which the contract would be cancelled on his risk without further reference.
- 25th May, 1967. . . . The producer made a representation making a plea that since he was busy in arbitration proceedings, in Delhi in regard to the other film, he could not devote any time to do further work on the film. He requested that he may be allowed to deliver this film within 45 days of the finalisation of the arbitration proceedings.
- 9th October, 1967. . . . This Ministry was inclined to accede to the producer's request and so asked the Films Division to consult the Law Ministry and also examine whether the prolongation of the execution of the contract would have any financial implication.
- 5th February, 1968. . . . Law Ministry's advice was received by Films Division.
- 16th March, 1968. . . . Films Division was requested to inform the producer that as requested by him Government allowed him to deliver the film within a period of 45 days from the date on which the Award is made in respect of the other film even though the responsibility of delay rests with him.



- 18-4-68. The producer was informed accordingly.
- 21-4-68. The producer represented that the period of 45 days should begin after the proceedings connected with arbitration such as court proceedings, implementation or arbitration, etc., was completed. The producer was informed that the period of extension commenced on 25th May, 1968.
- 26-7-68. The producer delivered the film on 26th July, 1968, although it was to be delivered by him on 8th July. This delay of a few days was condoned by the Controller, Films Division.

The above explains in detail the unavoidable circumstances at different stages of production which compelled the Government to agree for extension of time for the completion of the second film.

#### **Recommendation**

The Committee would like to mention one other point. The rate per foot agreed for this film, i.e., Rs. 50 was even higher than the rate agreed upon in the previous cases, i.e., Rs. 35 per foot. Government themselves were aware that this rate was unconsciously high, but were compelled to accept it in the circumstances that then obtained. In fact, the Secretary to the Ministry of Information and Broadcasting placed it on record that the producer's demand for higher rate was like that of a surgeon demanding a higher fee 'after the patient had been put on the operation table and opened up'. The Committee would like Government to consider whether in view of this experience it is desirable for Government to have further dealings with this producer.

[S. No. 25 of Appendix II (Paragraph 1.136) of 120th Report—  
4th Lok Sabha].

#### **Action Taken**

No work has been assigned to this producer by this Ministry since then. Committee's observation will be kept in view if any offer to make a film is received from him in future.

[Ministry of Information and Broadcasting endorsement No. 42/4/70-F(P), dated 16th November, 1970].

#### **Recommendation**

The Committee note that the production of 19 films taken up by the Films Division on different dates, was abandoned in July, 1966, after incurring an expenditure of Rs. 1.64 lakhs, as the production programme became unwieldy. The material produced in six of these cases (cost of

Rs. 1.46 lakhs) is stated to have been subsequently used. The Committee would like steps to be taken to ensure that the material produced in the remaining cases is similarly put to use. Government should also ensure that in future the Films Division does not undertake production of films outside its capacity as determined by availability of men and material.

[S. No. 26 of Appendix II (Paragraph 1.143) of 120th Report—  
4th Lok Sabha].

#### **Action Taken**

The observation of the Public Accounts Committee have been noted for compliance by the Films Division.

[Ministry of Information and Broadcasting endorsement No. 42/4/70-F(P), dated 16th November, 1970].

#### **Recommendation**

In the opinion of the Committee, this was a case of bad budgeting. The All India Radio would have known that they had to pay telephone bills for the period from 1948 onwards, if liability registers had been maintained by them as prescribed under the rules. So, regardless of bills not having been received from the Telephone Department before the budget for 1967-68 was framed, they could have made a provision on this account. Likewise, since they had ordered car and jeeps between May, 1966 and March 1967, a provision for their cost should have been made in the budget estimates for 1967-68, when deliveries were expected. This they failed to do and when they sought to provide for these liabilities through a Supplementary Grant, the Ministry of Information and Broadcasting disallowed the provision. The result was that an advance from the Contingency Fund had to be sanctioned to meet these liabilities. Even this proved redundant, as the final accounts showed savings under the grant.

[S. No. 27 of Appendix II (Paragraph 1.150) of 120th Report—  
4th Lok Sabha].

#### **Action Taken**

The observations/recommendations of the Committee have been noted and necessary instructions have been issued to various offices/units of the A.I.R., vide D.G., AIR Memo No. 3/2/70-B&A, dated 5th June, 1970 (Annexure)

[Ministry of Information and Broadcasting GM No. 5/2/70-B(P), dated 17th November 1970].

**ANNEXURE**

**GOVERNMENT OF INDIA**

**DIRECTORATE GENERAL, ALL INDIA RADIO**

No. 3/2/70-B&A.

New Delhi, the 5th June, 1970.

**MEMORANDUM**

**SUBJECT:—Recommendation of the Public Accounts Committee—120th Report—4th Lok Sabha.**

\*An extract from the recommendation/observation contained in 120th Report of the Public Accounts Committee (4th Lok Sabha) is forwarded herewith for information and careful guidance. It may please be ensured that all the known liabilities/commitments are provided for in the Revised Estimates/Budget Estimates to avoid any need for supplementary grant or advance from the Contingency Fund of India. It may also please be ensured that the prescribed Liability Register is maintained properly.

**Sd/-**

**Deputy Director of Administration,  
For Director General.**

To

All the Heads of All India Radio Stations/Offices/Auxiliary Centres etc.

Cash Section/D(Cash) EI/EII/PI PIII/S-VII/D(B&A)/GA Sections.

\*Not attached.

**Recommendation**

"The Committee would like the Ministry of Finance to issue strict instructions to all the Ministries/Departments to ensure that the Contingency Fund is not drawn upon, except for unforeseen emergencies. The fund is not meant to cover known liabilities or liabilities which a Ministry/Department can easily anticipate and provide for, if it conformed to prescribed procedures in the matter of maintenance of liability registers etc."

[S. No. 28 of Appendix II (Paragraph 1.151) of 120th Report—4th Lok Sabha].

**Action taken**

The matter has been carefully considered in consultation with the Comptroller and Auditor General of India and the Ministry of Law and Justice. Government have been advised that legally it will be difficult to restrict the meaning of the word "unforeseen", referred to in Article 267 of the Constitution, to only unforeseen emergencies. In practice too, it is likely to lead to serious difficulties. In view of these considerations, it is felt that the term "unforeseen expenditure" should be taken to cover the cases where inevitable payment could not be reasonably foreseen or where at the time of making budget provisions the extent of the expenditure could not be reasonably assessed and provided for. Necessary instructions on these lines have been issued, in consultation with the Comptroller and Auditor General of India and Ministry of Law and Justice *vide* this Ministry's O.M. No. F. 8(9)-B/70, dated 19th November, 1971 (Annexure).

[Ministry of Finance (Department of Economic Affairs) O.M. No. F. 8(9)-B/70, dated 25th November, 1971].

ANNEXURE

No. F. 8(9).70

GOVERNMENT OF INDIA (BHARAT SARKAR)

MINISTRY OF FINANCE (VIIT MANTRALYA)

DEPARTMENT OF ECONOMIC AFFAIRS (ARTHIK KARYA  
VIBHAG)

New Delhi, the 19th November, 1971.

OFFICE MEMORANDUM

SUBJECT:—*Hundred and Twentieth Report of the Public Accounts Committee—(4th Lok Sabha)—drawal of advance from the Contingency Fund of India.*

The undersigned is directed to state that the Public Accounts Committee in para 1.151 of their 120th Report have *inter alia* observed as under:—

“The Committee would like the Ministry of Finance to issue strict instructions to all the Ministries Departments to ensure that the Contingency Fund is not drawn upon, except for unforeseen emergencies. The Fund is not meant to cover known liabilities or liabilities which a Ministry Department can easily anticipate and provide for, if it conformed to prescribed procedures in the matter of maintenance of liability registers etc.”

2. Under Article 267 of the Constitution advances from the Contingency Fund of India can *inter alia* be drawn for meeting unforeseen expenditure. The term ‘Unforeseen Expenditure’ has, however, not been defined. The matter has been considered in consultation with the Comptroller and Auditor General and the Ministry of Law. It has been decided that the term ‘Unforeseen expenditure’ should be taken to cover the cases where an inevitable payment could not be reasonably foreseen or where at the time of making budget provisions the extent of the expenditure could not be reasonably assessed and provided for. The resort to the advance, however, should not be made, where the expenditure as distinct from that on a ‘New Service’, has already been incurred resulting in excess over a sanctioned grant/appropriation. Such excesses should be got regularised under Article 115 of the Constitution.

Ministry of Home Affairs etc. are requested to note these instructions carefully and also bring them to the notice of their attached and subordinate offices.

Sd./-

*Under Secretary to the Government of India.*

To

All Ministries and Departments of Government of India.

Copy also forwarded to the Comptroller and Auditor General of India with reference to his U.O. No. 1869-Raj/293-70 dated 30.10.71.

Sd./-

*Under Secretary to the Government of India.*

### CHAPTER III

#### RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE REPLIES OF GOVERNMENT

The Films Division is stated to be maintaining a panel of outside producers to whom production is farmed out. This panel should be periodically reviewed, taking competent professional advice, so that the Division does not deal with any-one except recognised producers. There should also be some system of gradation in the panel according to the merits of producers and reasonably uniform practice in the matter of award of rates, provision of facilities etc., to producers of comparable merit.

[S. No. 5 of Appendix II (Paragraph 1.30) of 120th Report—  
4th Lok Sabha].

#### Action taken

The Films Division is maintaining a panel of outside producers which is reviewed by them annually with the assistance of a Committee which includes three eminent producers, one each from Bombay, Madras and Calcutta. As regards the system of gradation, as suggested by P.A.C. it may be stated that such a system was tried in the past but as it did not work satisfactorily, the procedure of inviting tenders from selected producers in respect of difficult and important subjects was introduced. Under the prevailing system of inviting tenders, the Films Division ensures that uneconomic tenders are not accepted and uniform conditions are applied as far as possible.

[Ministry of Information and Broadcasting U.O. No. 42/4/70-FP  
dated 24-11-1970.]

#### Recommendation

Government had agreed that the shooting of the film should be considered and urgent assignment and necessary facilities given to the producer for this purpose. Yet, they took over 2 months to issue permits for raw film and an even longer time to provide facilities for shooting the film in forward areas. There were, as the arbitrator put it, "Unnecessary meetings, unnecessary discussions, unnecessary notes and unnecessary and repeated cancellations of shooting dates".

[S. No. 14 of Appendix II (Paragraph 1.110) of 120th Report—  
4th Lok Sabha].

### Action taken

Issue of raw stock was delayed because the producer applied late for it and approached the Films Division for it instead of C.C.I. & E. who issue the permit for raw stock.

2. Some delay in affording shooting facilities forward areas was unavoidable in this case due to clearance from security angle consideration of weather condition and free facilities desired by the producer.

[Ministry of Information and Broadcasting endorsement No. 42/4/70-F(P), dated 16-11-1970.]

### Recommendation

There is another aspect of this case arising out of the arbitrator's award. Where the Committee feel that Government took a decision which was contrary to its interests. The Arbitrator had awarded to the producer amounts totalling Rs. 7.51 lakhs. The award included, *inter alia* payment of a sum of Rs. 93,048 to the producer on account of his probable earning and Rs. 1.85 lakhs towards office expenses for a period of 12 months when, according to the Arbitrator, the producer was unable to undertake any other work on account of his pre-occupation in connection with this film. This was computed on the basis that his monthly earnings were of the order of Rs. 7,754. When the award was examined in the Ministry of Law it was pointed out that on the question of compensation payable to the producer the arbitrator 'had clearly erred' and paid 'double damages'. The arbitrator had reckoned the period of delay caused by Government as 12 months, on the basis that the films should have been produced in 10 months 25 days (as against which it actually took 22 months 25 days). It has, however, been overlooked by him that the period of 10 months and 25 days was related to the length of the film which had been stipulated in the contract as 3,500 ft. As actually the finally approved film was 6,174 ft. it would have taken more than the time stipulated in the contract; the arbitrator should have made an allowance for this extra length, which he did not do. For these reasons it was suggested that the award should be challenged, but this was overruled on the ground that 'an error which has to be established by long drawn process of reasoning on points where there may conceivably be two opinions cannot be said to be an error apparent on the face of the records'.

There is another glaring fact that also suggests that the arbitrator's award on the question of income of the producer was not correct. Government had obtained from the Income-tax Commissioner, Bombay City-1, the Income-Tax assessment statements in respect of the producer for the year 1959-60 to 1964-65. These showed the declared and assessed income of the producer for the years 1962-63 as Rs. 793 and 729; for the



subsequent two years, 1963-64 and 1964-65, the returns showed a minus income (loss of Rs. 13,061 and Rs. 12,961 and Rs. 13,297 and Rs. 12,133 respectively). In view of this, it should have been evident to anyone that the award of a sum of Rs. 93,048 to the producer on account of his probable earning for 12 months during the period in question was not tenable and the award should have been challenged in a Court of Law. The Committee are at a loss to understand how this point was over-looked or lost sight of and Government failed to go to court of law to safeguard its interests.

The Committee note that the time limit for filing of application in the court for setting aside the award has lapsed.

The Committee would, however, like Government to look into this case to find out how the fore-mentioned points were overlooked and take necessary steps to ensure that such serious lapses do not recur in future.

[S. Nos. 18, 19 and 20 of Appendix II (Paragraphs 1.120, 1.121 and 1.22) of 120th Report—4th Lok Sabha.]

#### Action Taken

The Award was not challenged in a court of law because the Law Ministry's advice at the highest level was that it should be accepted. P.A.C's observations have however, been noted for future guidance.

[Ministry of Information and Broadcasting endorsement No. 42/4/70—F(P), dated 16-11-1970.]

## CHAPTER IV

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

Considering that it is obligatory for cinema houses under the law to screen all documentaries produced by the Films Division (of 2,000 ft. or less), the Committee cannot help feeling that the Films Division has not given a good account of itself. The representative of the Ministry of Information & Broadcasting himself admitted during evidence that he could not claim that the state of affairs was a very happy one.

[S. No. 7 of Appendix II (Paragraph 1.69) of 120th Report—4th  
4th Lok Sabha.]

#### Action Taken

The observations of the Public Accounts Committee have been conveyed to the Controller of the Films Division, Bombay for taking appropriate action. The working of the Films Division has since been examined recently by the Administrative Staff College, Hyderabad. Their report is under examination. The S.I.U. of the Ministry of Finance is also examining the working of the Films Division. Their final report is awaited

The committee will be apprised of the findings of S.I.U. of the Ministry of Finance in due course.

[Ministry of Information and Broadcasting letter No. 42/4 '70—FP  
dated 17-1-1972.]

#### Recommendation

There is one point arising out of this case which calls for careful examination. An analysis of the arbitrator's award indicates that, as against Rs. 35 per foot allowed to the producer, his cost of production, excluding overheads, was Rs. 16.17 per foot. A question, therefore, arises whether the margin allowed to the producer was not high. The Committee would like Government to examine this and a few other typical cases, with a view to ascertaining whether there is any rational basis for determination of rates contracted for with outside producers. The Committee recognise that producers will have to be paid according to their merit and standing and that the rates offered will have to be reasonably attractive, but the impression that the Committee get is that the rates are fixed in an *ad hoc* manner. The findings in later section of this Report lend substance to this belief. The Committee would like Government to

examine whether the producer in this regard could not be systematised.

[S. No. 17 of Appendix II (Paragraph 1.119) of 1.20th Report—  
4th Lok Sabha.]

#### **Action Taken**

Films are assigned to producers generally on competitive tender basis. Tenders are invited from producers on the panel but in certain cases where the subjects are of a difficult and specialised nature and require expert handling, limited tenders are invited from a few selected producers from the panel. In exceptional cases, important films are assigned to producers on or outside the panel on negotiation basis, the rates being settled by mutual agreement. Efforts are made to keep the rate as low as possible but due allowance has to be made for the producer's standing and creative ability not to speak of the remuneration of the producer for the time that he has to devote to the making of the film.

[Ministry of Information and Broadcasting endorsement No. 42/4/  
70—F(P) dated 16-11-1970.]

## CHAPTER V

### RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH GOVERNMENT HAVE FURNISHED INTERIM REPLIES

Certain aspects of the working of the Films Division call for specific comments :—

- (i) The cost of films produced by the Division is at present exorbitant. During the three years ending 1968-69 the cost of production was 54 per cent to 76 per cent higher than the cost at which films were produced by private producers on behalf of the Films Division. Even making allowance for factors mentioned by Government like the type of film generally taken up for departmental production, the need to keep the Division equipped for undertaking all kinds of jobs, difficult shooting locations etc., the Committee feel that the cost differential is wide.
- (ii) The system of costing followed by the Films Division is itself defective. The costs as now derived are not accurate indicators of actual costs. Overheads included in the costs as now computed are determined on the basis of certain predetermined rates, the correctness of which has not been verified with reference to figures of actual expenditure.
- (iii) Man-power resources in the Division would appear to some extent to be idling. In the music section, for instance, the percentage of idle hours to the total number of hours has been 35 per cent or more during the period 1964-65 to 1966-67. The Committee are aware that in the field of creative arts, accounting or arithmetical concepts have to be applied with caution. Still the large disparity between the cost of production of films by the Films Division and by private producers leave the Committee with the impression that the optimum use is not being made of the talent recruited by the Department.

[S. No. 8 of Appendix II (Paragraph 1.70)  
of 120th Report (4th Lok Sabha) ]

### Action Taken

The observations of the Committee have been noted. A proposal to appoint a consultant of the Administrative Staff College, Hyderabad to examine *inter alia* the costing system of the Films Division and to suggest ways to effecting improvements in it is under consideration. A preliminary survey of the working of Films Division has already been carried out by them. Recently Staff Inspection Unit has also examined the working of the Films Division. Their report is awaited. The Committee will be apprised of the findings of the consultants and the SIU in due course.

All the possible efforts are being made to reduce the idle hours in the Films Division.

[Ministry of Information and Broadcasting  
O.M. No. 13/15/70-F(A) dated 28-11-1970.]

### Recommendation

The Committee note that Government are themselves not satisfied with these and other aspects of the working of Films Division and propose to call in outside consultants to advise them how this unit could be made to work better. The Committee would like this to be done early and remedial action also to be quickly taken thereafter. In particular the following points would need detailed investigation :—

- (a) How the Films Division could make better use of its existing manpower and material resources.
- (b) Whether the number of prints released for free exhibition could with advantage be curtailed.
- (c) Whether the footage of films produced could be generally reduced without detriment to quality or presentation.
- (d) Whether existing arrangements for inventory control could be improved and there is scope for economy in the purchase of costly stores and equipment.
- (e) What devices the unit should adopt to control costs at several stages so as to be able to produce films economically.
- (f) What safeguards should be adopted to protect Government's interests in their dealings with private producers to whom part of the production is farmed out and how better returns could be ensured.

[S. No. 9 of Appendix II (Paragraph 1.71) of 120th Report—4th  
Lok Sabha.]

**Action Taken**

The recommendations of the committee have been noted. A preliminary survey of the Films Division has already been carried out by the Administrative Staff College, Hyderabad and a proposal for a detailed study of the Films Division by them is under consideration. Staff Inspection Unit has also recently examined the Division. Their report is awaited.

The Committee will be apprised of the findings of the consultants and the SIU in due course.

[Ministry of Information and Broadcasting O.M. No. 13/14/20-F(A)  
dated 28-11-1970.]

NEW DELHI;

April 27, 1972

Vaisakha 7, 1894 (S)

ERA SEZHIYAN,  
*Chairman,*

*Public Accounts Committee.*

## APPENDIX

### *Summary of main Conclusions Recommendations*

S. No.	Para No	Ministry Department Concerned	Conclusions Recommendations
1	2	3	4
1	1-4	Ministry of Information & Broadcasting	The Committee hope that final replies to recommendations/observations to which interim replies have been furnished will be submitted to them expeditiously after getting them vetted by Audit.
2	1-8	Do.	The Committee are not still convinced of the reasonableness of the credit taken for 'National Revenue in view of its rapid multiplication during the period 1964-65 to 1968-69 in comparison with the revenue actually realised. They would, therefore, suggest that a more realistic basis should be evolved in consultation with Audit to reckon 'notional revenue' in respect of films distributed for screening free of charge.
3	1-11	Do.	The Committee feel that apart from the measures now taken by Government to improve the working of the Films Division emphasis has to be laid on improving the quality of documentaries. They would accordingly suggest that Government should endeavour to improve the quality of films produced by the Films Division.

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4	1114	Ministry of Information & Broadcasting	<p>While the Committee recognise the fact that rate for production of film depends on the type of the film, they would like to suggest that offers for production of films should be scrutinised by a Committee consisting of experts including those from outside the Ministry of Information and Broadcasting. They also feel that Government should, on the basis of their past experience in the production of films, work out predetermined basic rates per unit length for different types of films which can be a guide for awarding contracts either on tender basis or on negotiation basis so that patently excessive rates as in the case under consideration are not paid to the producers.</p>
5	1127	Do.	<p>The Committee have observed in paragraph 1.133 of their 120th Report (Fourth Lok Sabha), that this case is an even more glaring instance of delay in production of a documentary which defeated the very purpose for its production. The contract was signed on 10th July, 1963, but the final film was delivered on 26th July, 1968 i.e. after five years. The Committee had desired Government to investigate why the delay occurred and whether there was any justification for condoning it. From the information now furnished to the Committee, they find that the delay in the production of Film No. 2 was due to the following factors :</p> <p>(i) Government agreed to allow the producer to link up production of rough cut of Film No. 2 with Film No. 1, although this was not provided in the contract.</p>



- (ii) There was indecision on the part of Government whether or not to proceed with the Film No. 2.
- (iii) The same producer was entrusted with another film on 'Pakistan conflict with India' and the time limit for submission of rough cut of the Film No. 2 was agreed to be extended to within 30 days after delivery of this film.
- (iv) The producer was further allowed an extension pending the outcome of arbitration proceedings in the dispute regarding Film No. 1, although these were not connected with Film No. 2.

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Ministry of  
Information &  
Broadcasting

As regards the higher rate of Rs. 50/- per foot paid for the Film No. 2 as against Rs. 35/- per foot for Film No. 1, the Committee had in paragraph 1.136 of their 120th Report (Fourth Lok Sabha) referred to a note recorded by the Secretary, Ministry of Information and Broadcasting that the Producer's demand of higher rate was like that of surgeon demanding higher fee "after the patient had been put on the operation table and opened up". The Committee had recommended that in view of this experience Government should consider whether it was desirable to have further dealings with this producer. From the information now furnished to the Committee, they find that rate of Rs. 50/- per foot was paid earlier in the case of film on Swami Vivekananda in 1962-63 as it involved research work and costly shooting abroad. The Committee had been informed during evidence that the rate of Rs. 35/- per foot for the Film No. 1 "possibly seemed to be on the low side" and that some extra

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payment was made for the Film No. 2. It is not clear to the Committee whether the research work and shooting involved in this case justified the higher rate as paid in the case of Swami Vivekananda. The Committee feel that it was open to Government in July, 1963 not to agree to the higher rate demanded by the producer and entrust the work to another person. The Committee would, however, like to leave it to Government to take such decision as they deem necessary on the basis of the facts of the case.

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Ministry of  
Information &  
Broadcasting

The Committee desire that care should be taken to avoid such wasteful transactions in future and that the acceptance of offer for production of films should be entrusted to a committee as suggested earlier in this report.

39

