

**COMMITTEE ON PUBLIC  
UNDERTAKINGS  
(1977-78)**

**(SIXTH LOK SABHA)**

**FOURTH REPORT**

**ON**

**EXTRAORDINARILY HIGH EXPENDITURE ON  
PUBLICITY BY PUBLIC UNDERTAKINGS**

- (i) *Presented to Lok Sabha on 18th April, 1978*  
(ii) *Laid in the Rajya Sabha on 24th April, 1978*



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NEW DELHI**

*April, 1978/Chaitra 1900 (Saka)*

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## FOURTH REPORT OF THE COMMITTEE ON PUBLIC UNDERTAKINGS ON EXTRAORDINARILY HIGH EXPENDITURE ON PUBLICITY BY PUBLIC UNDERTAKINGS ---

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|----------------|-------------------|----------------------|---|---|
| (i)            | -                 | 3                    | COMMITE   | COMMITTEE                                       |
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| <del>17.</del> | <del>23</del>     | <del>9</del>         | <del>amounts</del>                              | <del>amounts to</del>                           |
| <del>18.</del> | <del>26</del>     | <del>14</del>        | <del>704 lakhs</del>                            | <del>Rs.704 lakhs</del>                         |
|                | <del>27</del>     | <del>8</del>         | <del>1975-77</del>                              | <del>1975-76</del>                              |
| <del>22.</del> | <del>40</del>     | <del>2</del>         | <del>customery</del>                            | <del>customary</del>                            |

| <u>Page</u> | <u>Para</u> | <u>Line</u>        | <u>For</u>  | <u>Read</u>   |
|-------------|-------------|--------------------|---|---|
| 29.         | S.No.83     | Col.2              | Polani  | Bolani  |
| 30.         | S.No.96     | Last Col.          | <u>Insert</u> Nil   |   |
| 32          | S.No.8      | Col.2              | Bharat Petro-<br>leum Corpn.3   | Bharat Petro-<br>leum Corpn.2                               |
| 33          | S.No.24     | Col.2              | Compute   | Computer  |
| 36          | S.No.1      | Last Col.          | 2,82,553  | 5,82,553  |
|             | S.No.4      | Col.2              | <u>insert</u> Rehabilitation<br>Industries Corporation<br>Ltd. <u>before</u> Calcutta |   |
| 37.         | S.No.16     | Col.4              | 10,550  | 10,500  |
| 40. -       |             | 13 from<br>bottom  | Considera-<br>by  | Considerable  |
| 41. -       |             | 8                  | 3143  | 2143  |
|             |             | 14 from<br>bottom  | 1975-77   | 1975-76   |
| 43. -       |             | 3                  | <u>insert</u> an <u>before</u><br>admitted  |   |
|             |             | 13 from<br>bottom  | 1.4 per<br>cent   | 1.47 per cent   |
| 44. -       |             | 4-5 from<br>bottom | In Broad-<br>casting  | In fact the<br>Ministry of<br>Information &<br>Broadcasting |

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**COMMITTEE ON PUBLIC UNDERTAKINGS  
(1977-78)**

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**Shri Jyotirmoy Bosu**

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3. Shri Maganti Ankineedu
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**SECRETARIAT**

**Shri B. K. Mukherjee—*Joint Secretary.***

**Shri G. D. Sharma—*Chief Financial Committee Officer.***

**Shri T. N. Khanna—*Senior Financial Committee Officer.***

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\* Ceased to be a Member of the Committee consequent on his retirement from Rajya Sabha w.e.f. 2-4-1978.

\*\* Ceased to be a Member of the Committee consequent on his retirement from Rajya Sabha w.e.f. 9-4-1978.

## INTRODUCTION

1, the Chairman, Committee on Public Undertakings, having been authorised by the Committee to present the Report on their behalf, present this Fourth Report on "EXTRAORDINARILY HIGH EXPENDITURE ON PUBLICITY BY PUBLIC UNDERTAKINGS."

2. The Committee had, on 23rd December, 1977, called for information *inter alia* in regard to expenditure on advertisement and publicity incurred by all the 172 public undertakings during the years 1974-75, 1975-76 and 1976-77. The information was to be furnished by 22nd January, 1978; but till 20 March, 1978 only 100 public undertakings have responded. The remaining 72 undertakings listed in Appendix I have, for reasons known to them, with-held the information from the Committee.

3. This Report is based on the analysis of the written information so received in respect of expenditure on advertisement and publicity from these 100 public undertakings. 92 public undertakings have incurred an expenditure of Rs. 963.48 lakhs during the three years 1974-75, 1975-76 and 1976-77 on this account. 8 Public undertakings viz. Bharat Heavy Electricals Ltd., Hindustan Machine Tools Ltd., Life Insurance Corporation of India, Hindustan Photo Films Manufacturing Co. Ltd., Indian Airlines, Electronics Corporation of India Ltd., Engineers India Ltd., and Garden Reach Shipbuilders and Engineers Ltd., are conspicuous for their heavy expenditure incurred on publicity and advertisement during 1976-77. They spent more than Rs. 10 lakhs each on this account. **THEIR TOTAL EXPENDITURE ON PUBLICITY AND ADVERTISEMENT DURING 1976-77 AMOUNTED TO RS. 254.53 LAKHS.**

4. Some of the public undertakings which have either got complete monopoly or near monopoly in their business an often keep their customers in waiting lists, have also been incurring heavy expenditure on publicity. Their expenditure has been mounting up year after year.

5. One of the most disquieting features, which has emerged out of the information furnished to the Committee, is that a number of public undertakings which had shown *huge losses* during these years do not seem to have exercised any restraint in incurring expenditure on publicity. For instance, the losses shown by Western Coalfields Ltd., Nagpur were Rs. 802 lakhs for 1975-76 as compared to Rs. 414 lakhs for 1974-75. Their publicity expenditure also increased by more than 100 per cent. So is the case with the Scooters India Ltd., Lucknow whose losses for 1975-76 were shown as Rs. 327.63 lakhs compared to Rs. 106.92 lakhs for the

previous year (1974-75) and despite this their publicity expenses increased from Rs. 2.65 lakhs in 1974-75 to Rs. 6.13 lakhs in 1975-76. The case of Mogul Line Ltd., Bombay with a total loss of Rs. 249.32 lakhs in 1975-76 as compared to previous year's nil loss and the case of Bharat Gold Mines Ltd., Gorgum, Karnataka with a total loss of Rs. 249.82 lakhs in 1975-76 as compared to the previous year's loss of Rs. 178.53 lakhs fall in the category of those public undertakings whose publicity expenditure has been mounting up.

6. Almost all the public undertakings have been patronising private advertising agencies and are not using Government agency of DAVP openly disregarding the recommendation made by the Committee on Public Undertakings in their 47th Report (4th Lok Sabha). The reasons are not difficult to understand.

7. This report of the Committee is intended to bring the facts before all those (including the Ministries) who are interested in the welfare of the country and progress of the public sector so that public money may be spent most judiciously and economically and in the best interests of the public undertakings.

8. The Committee considered and adopted this Report at their sitting held on the 14th April, 1978.

NEW DELHI;

April 17, 1978.

Chaitra 27, 1900 (Saka).

JYOTIRMOY BOSU,

*Chairman,*

*Committee on Public Undertakings.*



## EXTRAORDINARILY HIGH EXPENDITURE ON PUBLICITY BY PUBLIC UNDERTAKINGS

The Committee on Public Undertakings desired information to be called for from all the public undertakings regarding their expenditure on Advertisements and Publicity during the years 1974-75, 1975-76 and 1976-77 on the following items:—

- (a) Advertisement and publicity charges paid to:
  - (i) Private parties.
  - (ii) Directorate of Advertising and Visual Publicity.
  - (iii) A.I.R./T.V.
- (b) Expenditure on production of pamphlets and brochures and other advertising materials.
- (c) Donations and subscription for charity.

2. It is regrettable and disappointing that although the Bureau of Public Enterprises (Ministry of Finance) were asked on 23rd December, 1977 to obtain information from all the public undertakings by 22nd January, 1978, information in respect of only 100 Public Enterprises has been received from the Bureau of Public Enterprises upto 20 March, 1978. The remaining 72 undertakings listed in Appendix I\* have not furnished any information even after a lapse of a period of about 3 months. This amounts to withholding of information and consequently may constitute a contempt of the Committee.

3. This Report deals with the expenditure incurred by 100 public undertakings on Publicity for the years 1974-75, 1975-76 and 1976-77.

4. Uranium Corporation of India Ltd., has stated that "no expenditure was incurred by the Company on account of publicity through any media. Only vacancies and purchase tender notices, etc. have been notified in newspapers and journals." Indian Dairy Corporation has stated that

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\*At the time of factual verification, the Bureau of Public Enterprises has stated that in Appendix I of the Report, the names of the enterprises which did not furnish the information till 20th March, 1978 have been given. Included in the list are Damodar Valley Corporation, Agricultural Refinance & Development Corporation, Industrial Development Bank of India and Industrial Finance Corporation, whom BPE had not addressed earlier as the guidelines issued by the Bureau are not applicable to these enterprises. Since, however, the Committee had desired that information should be collected from these undertakings also. BPE has since addressed them for collection of the requisite information with the request that top priority should be given by the concerned undertakings to furnish the requisite information by 22nd April, 1978.

separate party-wise details of expenditure are not readily available. National Small Industries Corporation Ltd., has stated that "since actual figures are not immediately available, approximate break-up and amounts have been given."

5. Besides, the following 8 undertakings have stated that their expenditure on publicity was "Nil":—

1. Bharat Ophthalmic Glass Ltd.,  
Durgapur inc. in 1972)
2. Cashew Corporation of India, Ltd.  
Cochin (inc. in 1970)
3. Dredging Corporation of India, Ltd.  
New Delhi (inc. in 1976)
4. Hydro Carbons India Ltd.,  
New Delhi (inc. in 1965)
5. Indian Railway Construction Co.  
Ltd., New Delhi (inc. in 1976)
6. National Hydro Electric Power  
Corporation Ltd., New Delhi  
(inc. in 1975)
7. Rail India Technical & Economic  
Services Ltd., New Delhi (inc. in 1974)
8. Trade Fair Authority of India,  
New Delhi (inc. in 1976)

6. From the information received from 100 public undertakings in this regard it is seen that the total expenditure incurred by ninety-two (92) undertakings on advertisement and publicity during the years 1974-75, 1975-76 and 1976-77 amounted to Rs. 963.48 lakhs, the break-up of which year-wise is as under:—

| Year              | Amount<br>(Rs. in lakhs)                                  |
|-------------------|---|
| 1974-75 . . . . . | 243.11  |
| 1975-76 . . . . . | 316.20<br>(a rise of 30%)                                 |
| 1976-77 . . . . . | 404.17<br>(a rise of<br>66.2%<br>compared<br>to 1974-75). |

This works out to an average of about Rs. 3.5 lakhs per undertaking per year. This rise on publicity expenditure from year to year is very substantial.

7. Details of expenditure on advertisement and publicity incurred by 100 undertakings year-wise are given at Appendix II. Out of these 100 public undertakings, 39 undertakings, whose details are given below, have incurred cumulative loss or losses during the years 1974-75, 1975-76 and 1976-77:—

*Details of 39 Undertakings who have been incurring Extraordinarily High Expenditure on Publicity and have incurred Cumulative loss or losses during the years*

*1974-75, 1975-76 and 1976-77.*

| S.No. | Name of Undertaking                                    | 1974-75                                 |                     | 1975-76                                 |                     | 1976-77                                 |                     | Cumulative loss (Rs. in lakhs) |
|-------|--|---|---------------------|---|---------------------|---|---------------------|--------------------------------|
|       |  | Expenditure on Publicity (Rs. in lakhs) | Loss (Rs. in lakhs) | Expenditure on Publicity (Rs. in lakhs) | Loss (Rs. in lakhs) | Expenditure on Publicity (Rs. in lakhs) | Loss (Rs. in lakhs) |                                |
| 1     | 2  | 3                                       | 4                   | 5                                       | 6                   | 7                                       | 8                   | 9                              |
| 1     | Indian Airlines, New Delhi                             | 12.73                                   | —                   | 9.69                                    | —                   | 20.73                                   | —                   | 96.87 (as on 31-3-77)          |
| 2     | Garden Reach Shipbuilders and Engineers Ltd., Calcutta | 2.93                                    | —                   | 6.08                                    | —                   | 11.00                                   | —                   | 195.86 (as on 31-3-77)         |
| 3     | Bharat Aluminium Co. Ltd., New Delhi                   | 2.48                                    | 655.00              | 5.44                                    | 482.00              | 6.96                                    | 361.00              | 1858.00 (as on 31-3-77)        |
| 4     | Scooters India Ltd., Lucknow                           | 2.65                                    | 106.92              | 6.13                                    | 327.63              | 5.37                                    | 266.05              | 638.22 (as on 31-3-77)         |
| 5     | Mining & Allied Machinery Corporation Ltd., Durgapur   | 1.46                                    | —                   | 5.70                                    | —                   | 2.23                                    | —                   | 3516.34 (as on 31-3-77)        |
| 6     | Cochin Shipyard Ltd., Cochin                           | 3.07                                    | —                   | 3.75                                    | 6.70                | 4.28                                    | 14.02               | 20.72 (as on 31-3-77)          |

|    |   |      |        |      |        |      |        |                           |
|----|---|------|--------|------|--------|------|--------|---------------------------|
| 7  | Cement Corporation of India Ltd.                                | 1.08 | 17.29  | 3.10 | —      | 3.98 | —      | 118.81                    |
| 8  | Bharat Heavy Plates & Vessels Ltd.,<br>Visakhapatnam            | 1.35 | 103.84 | 3.52 | 92.90  | 1.18 | 65.85  | 704.95 (as on<br>31-3-77) |
| 9  | Praga Tools Ltd., Secunderabad                                  | 1.06 | 17.33  | 2.22 | —      | 2.85 | —      | 378.81 (as on<br>31-3-77) |
| 10 | *Bicco Lawrie Ltd., Calcutta                                    | 0.97 | 32.49  | 2.81 | 14.18  | 2.77 | 37.84  | 100.69 (as on<br>31-3-77) |
| 11 | National Buildings Construction Corporation Ltd., New Delhi.    | 1.04 | —      | 1.87 | —      | 2.71 | —      | 106.34 (as on<br>31-3-77) |
| 12 | Western Coal fields Ltd., Nagpur                                | 1.13 | 414.00 | 2.70 | 802.00 | 2.39 | 248.00 |                           |
| 13 | Bharat Pumps and Compressors Ltd.,<br>Naini, Allahabad          | 1.45 | 62.50  | 1.33 | 45.57  | 2.33 | 120.97 | 143.22 (as on<br>31-3-77) |
| 14 | State Farms Corporation Ltd., New Delhi                         | 2.08 | 17.81  | 1.99 | 116.30 | 1.51 | 75.14  |                           |
| 15 | National Research Development Corporation, New Delhi            | 1.32 | —      | 1.30 | —      | 1.65 | —      | 15.52 (as on<br>31-3-76)  |
| 16 | National Small Industries Corporation<br>Ltd., Okhla, New Delhi | 1.35 | —      | 1.44 | —      | 1.60 | —      | 455.50 (as on<br>31-3-77) |
| 17 | Mogul Line Ltd., Bombay   | 0.98 | —      | 1.44 | 249.32 | 1.53 | 370.00 |                           |
| 18 | Hindustan Antibiotics Ltd., Pimpri                              | 1.42 | 328.88 | 1.36 | 291.53 | 0.48 | 54.27  | 835.56 (as on<br>31-3-77) |
| 19 | Triveni Structurals Ltd., Naini, Allahabad                      | 0.31 | 52.63  | 0.23 | —      | 1.40 | —      | 318.87 (as on<br>31-3-76) |

\* The figures are for 1974 (12 months), 1975-76 (15 months) and 1976-77 (12 months).

| 1  | 2  | 3    | 4      | 5    | 6      | 7    | 8      | 9                       |
|----|--|------|--------|------|--------|------|--------|-------------------------|
| 20 | Central Inland Water Transport Corporation Ltd., Calcutta. | 0.22 | 272.90 | 0.97 | 398.39 | 1.31 | 447.29 | 2143.87 (as on 31-3-77) |
| 21 | Central Electronics Ltd. New Delhi.                        | 0.78 | 7.28   | 0.83 | 12.75  | 1.26 | 35.21  | 20.03 (as on 31-3-76)   |
| 22 | Jessop & Co. Ltd., Calcutta.                               | 0.59 | 82.46  | 1.26 | 11.69  | 1.02 | 64.58  | 1247.74 (as on 31-3-77) |
| 23 | Bharat Gold Mines Ltd. Gorgum, Karnataka                   | 0.62 | 178.53 | 0.77 | 249.82 | 1.05 | 123.94 | 767.25 (as on 31-3-77)  |
| 24 | Rehabilitation Industries Corporation Ltd., Calcutta       | 1.00 | 118.43 | 1.00 | 150.92 | 0.48 | 151.00 | 880.74 (as on 31-3-76)  |
| 25 | Artificial Limbs Mfg. Co. Ltd., Kanpur                     | 0.94 | —      | 0.65 | —      | 0.46 | 39.89  | 39.89 (as on 31-3-77)   |
| 26 | Mineral Exploration Corporation Ltd., Nagpur               | 0.73 | 85.11  | 0.43 | 73.28  | 0.81 | —      | 101.95 (as on 31-3-77)  |
| 27 | National Textile Corporation (Madhya Pradesh) Ltd. Indore  | —    | 393.93 | 0.69 | 899.02 | 0.64 | 635.98 | 1000.47 (as on 31-3-76) |
| 28 | Uranium Corporation of India Ltd. Jaduguda (Bihar)         | 0.45 | —      | 0.41 | 31.43  | 0.50 | 34.60  | Nil                     |
| 29 | Hindustan Housing Factory Ltd., New Delhi                  | 0.24 | 39.84  | 0.22 | 36.13  | 0.39 | 64.51  | 102.08 (as on 31-3-77)  |

| 1  | 2  | 3       | 4       | 5       | 6       | 7    | 8       | 9                       |
|----|--|---------|---------|---------|---------|------|---------|-------------------------|
| 30 | Bharat Refractories Ltd., Bokaro Steel City, Bokaro      | 0.20    | 8.91    | 10.32   | 21.62   | 0.11 | 23.47   | 54.00 (as on 31-3-77)   |
| 31 | ** Burn Standard Co. Ltd., Calcutta                      | —       | —       | —       | —       | 0.30 | 307.00  |                         |
| 32 | India Firebricks & Insulation Co. Ltd. Murar, Hazaribagh | —       | —       | 0.10    | 36.61   | 0.28 | 19.83   | 503.77 (as on 31-3-77)  |
| 33 | National Instruments Ltd., Calcutta.                     | 0.14    | —       | 0.05    | —       | 0.23 | 39.97   | 285.07 (as on 31-3-77)  |
| 34 | *** Braithwaite & Co. Ltd., Calcutta.                    | —       | —       | —       | —       | 0.16 | 45.00   | 45.00 (as on 31-3-77)   |
| 35 | **** Bolani Ores Ltd., Calcutta.                         | 0.08    | 48.22   | —       | —       | 0.12 | 47.09   | 108.28 (as on 31-3-77)  |
| 36 | Delhi Transport Corporation, New Delhi                   | 0.00576 | 1097.39 | 0.00720 | 1242.99 | 0.09 | 1040.04 | 6224.45 (as on 31-3-77) |
| 37 | Sambhar Salts Ltd., Jaipur                               | 0.08    | —       | 0.02    | 31.81   | —    | 40.00   | 27.26 (as on 30-9-76)   |
| 38 | Indian Motion Picture Export Corporation Ltd. Bombay     | 0.01    | 6.25    | 0.02    | 0.31    | 0.03 | —       | 27.90 (as on 31-3-77)   |
| 39 | National Textile Corporation (Gujarat) Ltd., Ahmedabad   | 0.02    | 185.67  | 0.002   | 276.80  | 0.02 | 111.82  | 574.29 (as on 31-3-77)  |

\*\* The figure of Rs. 0.30 lakh is for the period 1-12-1976 to 31-3-1977.

\*\*\* The undertaking has given consolidated information.

\*\*\*\* The figure of Rs. 0.12 lakh is for 1975-76 (18 months).

8. The expenditure on advertisement and publicity by the following 54 undertakings had exceeded Rs. 1 lakh in a year as indicated in bold figures:—

| S. No.<br>(1)  | Name of Undertaking<br>(2)   | 1974-75<br>(3) | 1975-76<br>(4) | 1976-77<br>(5) |
|----------------|--|----------------|----------------|----------------|
| (Rs. in lakhs) |  |                |                |                |
| 1.             | Life Insurance Corporation, of India, Bombay .                       | 60.24          | 50.65          | 70.66          |
| 2.             | Bharat Heavy Electrical Ltd., New Delhi. . .                         | 36.32          | 55.71          | 65.21          |
| 3.             | Hindustan Machine Tools Ltd., Bangalore . .                          | 26.42          | 39.15          | 41.84          |
| 4.             | Hindustan Photo Films Mfg., Co. Ltd., Ootacamund. . . . .            | 10.08          | 14.89          | 21.19          |
| 5.             | Indian Airlines, New Delhi. . . . .                                  | 12.73          | 9.69           | 20.73          |
| 6.             | Engineers (India,) Ltd., New Delhi. . . . .                          | 7.24           | 14.20          | 11.27          |
| 7.             | Madras Fertilisers Ltd., Madras . . . . .                            | 13.66          | 7.40           | 9.13           |
| 8.             | Electronics Corporation of India Ltd., Hyderabad .                   | 6.83           | 11.93          | 12.63          |
| 9.             | Garden Reach Shipbuilders and Engineers Ltd., Calcutta. . . . .      | 2.93           | 6.08           | 11.00          |
| 10.            | Hindustan Teleprinters Ltd., Madras. . . . .                         | 3.33           | 5.63           | 7.75           |
| 11.            | Engineering Projects (I) Ltd., New Delhi . .                         | 2.54           | 4.20           | 7.51           |
| 12.            | Bharat Aluminium Co. Ltd., New Delhi. . . . .                        | 2.48           | 5.44           | 6.96           |
| 13.            | Instrumentation Ltd., Kota . . . . .                                 | 1.46           | 2.66           | 6.67           |
| 14.            | Hindustan Aeronautics Ltd., Bangalore. . . . .                       | 2.75           | 3.44           | 6.38           |
| 15.            | Scooters India Ltd., Lucknow . . . . .                               | 2.65           | 6.13           | 5.37           |
| 16.            | Hindustan Organic Chemicals Ltd., Kolaba . .                         | 0.70           | 4.99           | 5.89           |
| 17.            | Mining & Allied Machinery Corporation Ltd., Durgapur . . . . .       | 1.46           | 5.70           | 2.30           |
| 18.            | Minerals & Metals Trading Corporation Ltd., New Delhi. . . . .       | 3.42           | 4.12           | 4.68           |
| 19.            | Metallurgical and Engineering Consultants (I) Ltd., Ranchi . . . . . | 1.21           | 3.08           | 4.61           |
| 20.            | Cochin Shipyard Ltd., Cochin . . . . .                               | 3.07           | 3.75           | 4.28           |
| 21.            | Export Credit and Guarantee Corporation Ltd., Bombay . . . . .       | 2.32           | 3.40           | 4.09           |
| 22.            | Mazagon Dock Ltd., Bombay . . . . .                                  | 2.53           | 3.78           | 4.05           |
| 23.            | Cement Corporation of India Ltd., New Delhi .                        | 1.08           | 3.10           | 3.98           |
| 24.            | Hindustan Shipyard Ltd., . . . . .                                   | 2.96           | 3.67           | 3.25           |
| 25.            | Kudremukh Iron Ore Co. Ltd., Bangalore . . .                         |                |                | 3.65           |
| 26.            | Bharat Heavy Plate and Vessels Ltd., Visakhapatnam . . . . .         | 1.35           | 3.52           | 1.18           |

(Rs. in lakhs)

| 1   | 2   | 3    | 4    | 5    |
|-----|---|------|------|------|
| 27. | Mishra Dhatu Nigam Ltd., Hyderabad.                             | 0.50 | 1.17 | 3.46 |
| 28. | Praga Tools Ltd., Secunderabad                                  | 1.06 | 2.22 | 2.85 |
| 29. | Biecco Lawrie Ltd., Calcutta                                    | 0.97 | 2.81 | 2.77 |
| 30. | National Buildings Construction Corpn., Ltd.,<br>New Delhi.     | 1.04 | 1.87 | 2.71 |
| 31. | Western Coalfields Ltd., Nagpur                                 | 1.13 | 2.70 | 2.39 |
| 32. | H.M.T. (International) Ltd., Bangalore                          |      | 1.64 | 2.56 |
| 33. | Bharat Pumps & Compressors Ltd., Nani Allaha-<br>bad            | 1.45 | 1.33 | 2.33 |
| 34. | New India Assurance Co., Ltd., Bombay                           | 0.73 | 0.45 | 2.31 |
| 35. | Balmer Lawrie & Co., Ltd., New Delhi                            | 0.87 | 2.17 | 1.68 |
| 36. | State Farms Corporation Ltd., New Delhi                         | 2.08 | 1.99 | 1.51 |
| 37. | Richardson & Cruddas Ltd., Bombay                               | 0.95 | 0.91 | 1.84 |
| 38. | National Research Development Corporation New<br>Delhi          | 1.32 | 1.30 | 1.65 |
| 39. | National Small Industries Corpn. Ltd., New Delhi                | 1.35 | 1.44 | 1.60 |
| 40. | Indian Rare Earths Ltd., Bombay                                 | 0.73 | 1.55 | 1.18 |
| 41. | Mogul Line Ltd., Bombay   | 0.98 | 1.44 | 1.53 |
| 42. | Projects & Equipments Corporation of India Ltd.,<br>New Delhi   | 1.53 | 0.30 | 0.26 |
| 43. | Hindustan Cables Ltd., Rupnarainpur, Dist.,<br>Burdwan          | 0.91 | 0.88 | 1.42 |
| 44. | Hindustan Antibiotics Ltd., Pimpri, Poona                       | 1.42 | 1.36 | 0.48 |
| 45. | Triveni Structurals Ltd., Allahabad                             | 0.31 | 0.23 | 1.40 |
| 46. | Central Inland Water Transport Corporation Ltd.,<br>Calcutta    | 0.22 | 0.97 | 1.31 |
| 47. | Central Electronics Ltd., New Delhi                             | 0.78 | 0.83 | 1.26 |
| 48. | Jessop & Co. Ltd., Calcutta.                                    | 0.59 | 1.26 | 1.02 |
| 49. | Central Mine Planning & Design Institute Ltd.,<br>Ranchi        |      | 0.21 | 1.15 |
| 50. | Hindustan Insecticides Ltd., New Delhi                          | 0.56 | 0.63 | 1.15 |
| 51. | Madras Refineries Ltd., Madras                                  | 0.83 | 1.07 | 1.15 |
| 52. | National Industrial Development Corporation<br>Ltd., New Delhi. | 1.08 | 1.00 | 0.73 |
| 53. | Bharat Gold Mines Ltd., Gorgum, Karnataka                       | 0.62 | 0.77 | 1.05 |
| 54. | Rehabilitation Industries Corporation Ltd.,<br>Calcutta.        | 1.00 | 1.00 | 0.48 |



9. It is revealed from the analysis of the aforesaid expenditure that in 1974-75, there were as many as 6 undertakings who had spent more than a fantastic amount of Rs. 10 lakhs on advertisement and publicity alone and the total amount spent by them was Rs. 159.45 lakhs. In 1975-76, though the number of such undertakings who had spent more than Rs. 10 lakhs was the same i.e. 6, the total amount spent by them increased by Rs. 24.08 lakhs to Rs. 183.53 lakhs. During 1976-77, the number of undertakings which had spent more than Rs. 10 lakhs increased to 8 and the total amount spent on advertisement and publicity by these 8 undertakings shot up to Rs. 254.53 lakhs. Details of undertakings whose expenditure was more than Rs. 10 lakhs during 1974-75, 1975-76 and 1976-77 are as under:—

| Sl. No. | Name of Undertaking                                | 1974-75 | 1975-76<br>(Rs.) | 1976-77<br>in lakhs) |
|---------|--|---------|------------------|----------------------|
| 1.      | Life Insurance Corporation . . . . .               | 60.24   | 50.65            | 70.66                |
| 2.      | Bharat Heavy Electricals Ltd. . . . .              | 36.32   | 55.71            | 65.21                |
| 3..     | Hindustan Machine Tools . . . . .                  | 26.42   | 36.15            | 41.84                |
| 4.      | Hindustan Photo Films Mfg. Co. Ltd. . . . .        | 10.08   | 14.89            | 21.19                |
| 5.      | Indian Airlines . . . . .                          | 12.73   | 9.69             | 20.73                |
| 6.      | Engineers India Ltd. . . . .                       | 7.24    | 14.20            | 11.27                |
| 7.      | Madras Fertilizer Ltd. . . . .                     | 13.66   | 7.40             | 9.13                 |
| 8.      | Electronics Corporation of India Ltd. . . . .      | 66.83   | 11.93            | 12.63                |
| 9.      | Garden Reach Shipbuilders & Engineers Ltd. . . . . | 2.93    | 6.08             | 11.00                |

10. It would thus be seen that the amount spent on advertisement/ publicity by three undertakings viz., Bharat Heavy Electricals Ltd., Hindustan Machine Tools and Hindustan Photo Films Manufacturing Co. Ltd., has not only been more than Rs. 10 lakhs continuously during each of the three years 1974-75, 1975-76 and 1976-77 but their expenditure has also shown upward trend over these years. In the case of LIC the expenditure, though above Rs. 10 lakhs during each of the years, came down from Rs. 60.24 lakhs in 1974-75 to Rs. 50.65 lakhs in 1975-76. However, it again increased to Rs. 70.66 lakhs in 1976-77. A similar trend in expenditure was shown by Indian Airlines who spent Rs. 12.73 lakhs, Rs. 9.69 lakhs and Rs. 20.73 lakhs on advertisement and publicity during 1974-75, 1975-76 and 1976-77 respectively, a rise of 62.8 per cent over 1974-75. In the case of Madras Fertilizers Ltd., though its

expenditure was Rs. 13.66 lakhs in 1974-75, it came down to Rs. 7.40 lakhs and Rs. 9.13 lakhs in 1975-76 and 1976-77 respectively.

11. It would also be observed that out of Rs. 963.48 lakhs spent by 100 undertakings on advertisement and publicity during the years from 1974-75 to 1976-77, Rs. 597 lakhs i.e. about 62 per cent was spent by seven undertakings viz. Bharat Heavy Electricals Ltd., Hindustan Photo Films Manufacturing Company Ltd., life insurance Corporation of India, Hindustan Machine Tools Ltd., Indian Airlines, Electronics Corporation of India Ltd. and Engineers India Limited.

12. From the analysis of the expenditure it is further revealed that in 1974-75, there were only two undertakings viz. Engineers India Ltd. and Electronics Corporation of India, whose expenditure was less than Rs. 10 lakhs but more than Rs. 5 lakhs. However, in 1975-76 there were as many as 7 such undertakings while in 1976-77, the figure further rose to 8. Details of undertakings whose expenditure was less than Rs. 10 lakhs but more than Rs. 5 lakhs during 1974-75, 1975-76 and 1976-77 are as under:—

| Sl. No. | Name of Undertaking                        | (Rs. in lakhs) |         |         |
|---------|--|----------------|---------|---------|
|         |  | 1974-75        | 1975-76 | 1976-77 |
| 1.      | Hindustan Teleprinters Limited             | 3.33           | 6.63    | 7.75    |
| 2.      | Engineering Projects (I) Ltd.              | 2.54           | 4.20    | 7.51    |
| 3.      | Bharat Aluminium Co.                       | 2.48           | 5.44    | 6.96    |
| 4.      | Instrumentation Ltd.                       | 1.46           | 2.66    | 6.67    |
| 5.      | Hindustan Aeronautics Ltd.                 | 2.75           | 3.44    | 6.38    |
| 6.      | Scooters India Ltd.                        | 2.65           | 6.13    | 5.37    |
| 7.      | Hindustan Organic Chemicals Ltd.           | 0.70           | 4.99    | 5.80    |
| 8.      | Mining & Allied Machinery Corporation Ltd. | 1.46           | 5.70    | 2.23    |

13. There were 37 undertakings in whose case expenditure on advertisement and publicity was less than Rs. 5 lakhs but more than Rs. 1 lakh except in certain years as per details given below:—

| Sl. No. | Name of Undertaking                                | (Amount Spent—Rs. in lakhs) |         |         |
|---------|--|-----------------------------|---------|---------|
|         |  | 1974-75                     | 1975-76 | 1976-77 |
| 1.      | Minerals & Metals Trading Corporation<br>New Delhi | 3.42                        | 4.12    | 4.68    |

(Amount Spent—Rs. in lakhs)

| Sl. No. | Name of Undertaking  | 1974-75 | 1975-76 | 1976-77 |
|---------|--|---------|---------|---------|
| 2.      | Metallurgical & Engineering Consultants (I) Ltd., Ranchi . . . . .     | 1'21    | 3'08    | 4'61    |
| 3.      | Cochin Shipyard Ltd., Cochin . . . . .                                 | 3'07    | 3'75    | 4'28    |
| 4.      | Export Credit and Guarantee Corporation Ltd., Bombay . . . . .         | 2'32    | 3'40    | 4'09    |
| 5.      | Mazagon Dock Ltd., Bombay . . . . .                                    | 2'53    | 3'78    | 4'05    |
| 6.      | Cement Corporation of India Ltd., New Delhi . . . . .                  | 1'08    | 3'10    | 3'98    |
| 7.      | Hindustan Shipyard Ltd., Visakhapatnam . . . . .                       | 2'96    | 3'67    | 3'25    |
| 8.      | Kudremukh Iron Ore Co. Ltd., Bangalore . . . . .                       | —       | —       | 3'65    |
| 9.      | Bharat Heavy Plate & Vessels, Visakhapatnam . . . . .                  | 1'35    | 3'52    | 1'18    |
| 10.     | Mishra Dhatu Nigam Ltd., Hyderabad . . . . .                           | 0'50    | 1'17    | 3'46    |
| 11.     | Praga Tools Ltd., Secunderabad . . . . .                               | 1'06    | 2'22    | 2'85    |
| 12.     | Biecco Lawrie Ltd., Calcutta . . . . .                                 | 0'97    | 2'81    | 2'77    |
| 13.     | National Buildings Construction Corp., Ltd., New Delhi . . . . .       | 1'04    | 1'87    | 2'71    |
| 14.     | Western Coalfields Ltd., Nagpur . . . . .                              | 1'13    | 2'70    | 2'39    |
| 15.     | H.M.T. (International) Ltd., Bangalore . . . . .                       | —       | 1'64    | 2'56    |
| 16.     | Bharat Pumps & Compressors Ltd., Naini, Allahabad . . . . .            | 1'45    | 1'33    | 2'33    |
| 17.     | New India Assurance Co. Ltd., Bombay . . . . .                         | 0'73    | 0'45    | 2'31    |
| 18.     | Balmer Lawrie & Co. Ltd., New Delhi . . . . .                          | 0'87    | 2'17    | 1'68    |
| 19.     | State Farms Corporation of India Ltd., New Delhi . . . . .             | 2'08    | 1'99    | 1'51    |
| 20.     | Richardson & Cruddas Ltd., Bombay . . . . .                            | 0'95    | 0'91    | 1'84    |
| 21.     | National Research Development Corporation Ltd., New Delhi . . . . .    | 1'32    | 1'30    | 1'65    |
| 22.     | National Small Industries Corp., New Delhi . . . . .                   | 1'35    | 1'44    | 1'60    |
| 23.     | Indian Rare Earths Ltd., Bombay . . . . .                              | 0'73    | 1'55    | 1'13    |
| 24.     | Muzul Lines Ltd., Bombay . . . . .                                     | 0'98    | 1'44    | 1'53    |
| 25.     | Projects and Equipments Corporation of India Ltd., New Delhi . . . . . | 1'53    | 0'30    | 0'26    |

(Amount Spent—Rs. in lakhs)

| Sl. No. | Name of Undertaking   | 1974-75 | 1975-76 | 1976-77 |
|---------|---|---------|---------|---------|
| 26.     | Hindustan Cables Ltd. Rupnarainpur, Distt. Burdwan . . . . .    | 0.91    | 0.88    | 1.42    |
| 27.     | Hindustan Antibiotics Ltd., Pimpri, Poona                       | 1.42    | 1.36    | 0.48    |
| 28.     | Triveni Structurals Ltd. Allahabad . . . . .                    | 0.31    | 0.23    | 1.40    |
| 29.     | Central Inland Water Transport Corporation Calcutta . . . . .   | 0.22    | 0.97    | 1.31    |
| 30.     | Central Electronics Ltd., New Delhi                             | 0.78    | 0.83    | 1.26    |
| 31.     | Jepssop & Co. Ltd. Calcutta . . . . .                           | 0.59    | 1.26    | 1.02    |
| 32.     | Central Mine Planning and Design Institute Ltd. Ranchi          | x       | 0.21    | 1.15    |
| 33.     | Hindustan Insecticides Ltd., New Delhi . . . . .                | 0.56    | 0.63    | 1.15    |
| 34.     | Madras Refineries Ltd. Madras . . . . .                         | 0.83    | 1.07    | 1.15    |
| 35.     | National Industrial Development Corpn. Ltd. New Delhi . . . . . | 1.08    | 1.00    | 0.73    |
| 36.     | Bharat Gold Mines Ltd. Gorgum, Karnataka                        | 0.62    | 0.77    | 1.05    |
| 37.     | Rehabilitation Industries Corporation Ltd. Calcutta . . . . .   | 1.00    | 1.00    | 0.48    |

14. Further there were 13 undertakings whose expenditure on advertisement and publicity was less than Rs. 1 lakh but more than Rs. 50,000 except in certain years. Details of these Undertakings are given in Appendix III.

15. There are 25 undertakings who spent less than Rs. 50,000 on advertisement and publicity during all the three years (Appendix IV).

16. The Committee have noticed that out of 100 undertakings, there were only 29 undertakings which had given advertisements/publicity through the directorate of Advertising and Visual Publicity and the total amount spent by these 29 undertakings on Advertisement/Publicity through the Directorate of Advertising and Visual Publicity during the last three years i.e. 1974-75, 1975-76 and 1976-77 was about Rs. 14.12 lakhs, representing a trifling 1.47 per cent of the overall expenditure of Rs. 963.48 lakhs on Advertisement and Publicity during the relevant period. The balance of Advertisement and Publicity worth Rs. 949.36 lakhs representing about 98.53 per cent has been handled by the undertakings directly or

through Private Advertising Agencies. Details of these undertakings and the amounts spent by them year-wise are given at Appendix V.

17. The Committee apprehend that these deals are not at all above board and leaves enough room for political and other patronage, nepotism and corruption. Only Indian Airlines have stated that they use Advertising Consultants from the approved panel of Directorate of Advertising and Visual Publicity but not the DAVP. Others are silent over this matter presumably they had made themselves totally dependent on Private Agencies which is deprecated.

18. Surprisingly although A.I.R. and T.V. have become very popular media, there are only 7 undertakings who had given advertisement/publicity through the A.I.R./T.V. and the total amount spent by them during the last three years was only about Rs. 15.33 lakhs, representing a meagre 1.59 per cent of the overall expenditure of Rs 963.48 lakhs. From both the instances, i.e. use of D.A.V.P. and A.I.R./T.V. it is abundantly clear that there is great amount of reluctance on the part of public undertakings to deal with Government organisations (through book transfers). Details of the undertakings who have used the media of A.I.R. and T.V. together with the amount spent by them on this account are given at Appendix VI.

19. The seven Undertakings which account for about 62 per cent of the total expenditure on advertisement and publicity during 1974-75 to 1976-77 by 100 Undertakings (vide para 11) have incurred an expenditure of Rs. 463.65 lakhs on advertisement and publicity through Directorate of Advertising and Visual Publicity and Private advertisers. Details are given below:—

| S. No. | Name of Undertaking                   | Amount spent |                               |         |                               |         |                               | (in Rs.) |                               |
|--------|---------------------------------------|--------------|-------------------------------|---------|-------------------------------|---------|-------------------------------|----------|-------------------------------|
|        |                                       | 1974-75      |                               | 1975-76 |                               | 1976-77 |                               | DAVP     | Private* Advertising Agencies |
|        |                                       | DAVP         | Private* Advertising Agencies | DAVP    | Private* Advertising Agencies | DAVP    | Private* Advertising Agencies |          |                               |
| 1.     | Life Insurance Corporation            | Nil          | 51,23,320                     | Nil     | 45,31,170                     | Nil     | 51,53,462                     |          |                               |
| 2.     | Bharat Hevy Electricals Ltd.          | 5080         | 23,49,973                     | 9100    | 38,15,575                     | 50160   | 39,78,793                     |          |                               |
| 3.     | Hindustan Machine Tools               | x            | 24,35,357                     | x       | 33,27,500                     | x       | 35,21,287                     |          |                               |
| 4.     | Hindustan Photo Films Mfg. Co. Ltd.   | Nil          | 10,08,000                     | Nil     | 14,89,000                     | 15000   | 21,04,000                     |          |                               |
| 5.     | Indian Airlines                       | Nil          | 6,41,000                      | Nil     | 4,86,000                      | Nil     | 15,91,000                     |          |                               |
| 6.     | Engineers India Ltd.                  | Nil          | 6,97,874                      | Nil     | 13,06,309                     | Nil     | 11,08,162                     |          |                               |
| 7.     | Electronics Corporation of India Ltd. | x            | 6,12,000                      | x       | 9,44,000                      | x       | 8,61,000                      |          |                               |

\*The Private Agencies normally get 15% commission.

20. Out of the Private Advertising Agencies the major share has gone to the following:—

1. M/s. R. K. Swamy Advertising Associates (P) Ltd., Mount Road, Madras.
2. M/s. Jaisons Bombay
3. M/s. New Fields Advertising Pvt. Ltd., New Delhi.
4. M/s. Times, New York.
5. M/s. Dacunha Associates Pvt. Ltd., Bombay.
6. M/s. Radeus Advertising Pvt. Ltd., Bombay.
7. M/s. Rediffusion Advertising (P) Ltd., Madras.

*Donations and subscription for charity*

21. Out of 100 undertakings from whom information has been received, 51 undertakings have paid Rs. 46.28 lakhs towards donations and subscriptions for charity during 1974-75, 1975-76 and 1976-77. A list of these 51 undertakings showing the amounts of donations and subscription paid by them year-wise is at Appendix VII.

22. The following undertakings have paid more than Rs. 50,000 towards donations/subscription during 1974-75, 1975-76 and 1976-77:—

| Sl. No. | Name of Undertaking                             | Amount   | Name of the parties to whom major portion of donations have been given   |
|---------|---|----------|--|
| 1974-75 |   |          |  |
| 1.      | National Textile Corporation (M.P.) Ltd.        | 76,000   | Customary Charity to cloth Merchants Association.  |
| 2.      | Indian Dairy Corporation . .                    | 50,500   | International Dairy Congress   |
| 1975-76 |   |          |  |
| 1.      | Minerals & Metals Trading Corporation of India. | 2,80,500 | (i) Paradip College Committee, Orissa.<br>(ii) Chief Minister's Relief Fund Orissa.<br>(iii) Chief Minister's Relief Fund Bihar (Patna). |
| 2.      | Metallurgical Engineering Consultants (I) Ltd.  | 2,40,000 | (i) Prime Minister's Relief Fund.<br>(ii) Chasnala Emergency Relief Fund.  |

| Sl. No. | Name of Undertaking                          | Amount Rs. | Name of the parties to whom major portion of donations have been given                |
|---------|--|------------|---|
| 3.      | Hindustan Aeronautics Ltd.,                  | 2,06,500   | Prime Minister's National Relief Fund.  |
| 4.      | New India Assurance Co. Ltd. .               | 1,98,755   | Names of parties not given.   |
| 5.      | National Textile Corporation (M.P.) Ltd.     | 1,16,000   | Customary Charity to Cloth Merchants Association.                                     |
| 6.      | Garden Reach Shipbuilders & Engineers Ltd.   | 1,04,000   | Names of parties not given.   |
| 7.      | Western Coalfields Ltd. . . .                | 1,03,612   | Grants to Schools.  |
| 8.      | General Insurance Corporation <sup>1</sup> . | 1,00,000   | Flood and Famine Relief Committee Bombay.   |
| 9.      | Rural Electrification Corporation            | 1,00,000   | Prime Minister's National Relief Fund.  |
| 10.     | Instrumentation Ltd. . . .                   | 96,508     | (i) Rajasthan Chief Minister Relief Baran Fund.<br>(ii) Prime Minister's Relief Fund. |
| 11.     | Hindustan Organic Chemicals Ltd.             | 89,000     | Prime Minister's Relief Fund.   |
| 12.     | Balmer Lawrie & Co. Ltd. <sup>2</sup> .      | 73,852     | Prime Minister's National Relief Fund.  |
| 13.     | Engineers India Ltd, . . .                   | 54,046     | Prime Minister's National Relief Fund.  |

## 1976-77

|    |  |          |  |
|----|--|----------|--|
| 1. | Hindustan Aeronautics Ltd. .                   | 5,61,000 | (i) Indian Institute of Science, Bangalore.<br>(ii) Renovation of Nepolean Dacha in the Indian Embassy Complex, USSR.  |
| 2. | Western Coalfields Ltd. . . .                  | 4,06,432 | Grant to Schools.  |
| 3. | Metallurgical Engineering Consultants (I) Ltd. | 2,42,000 | (i) Bihar Chief Minister's Relief Fund.<br>(ii) St. Xaviers School Building Fund for Indian Mountaineering Foundation. |

1. Information is for the year 1975.

2. Information is for 1975-76 (15 months).

| Sl. No. | Name of Undertaking                        | Amount   | Name of the parties to whom Major portion of donations have been given  |
|---------|--|----------|---|
| 4.      | Bharat Petroleum Corporation <sup>a</sup>  | 2,21,295 | (i) Chamber Hospital Project Total<br>(ii) Institute of Cultural Affairs of India.<br>(iii) Tamil Nadu Chief Minister's Fund.<br>(iv) Chief Minister's Flood Relief Fund, Andhra Pradesh. |
| 5.      | General Insurance Corporation <sup>a</sup> | 1,60,000 | (ix) Indian Cancer Society.<br>(ii) National Association of the Blind.  |
| 6.      | National Textile Corporation (M.P.) Ltd.   | 1,52,000 | Customary Charity to Cloth Merchants Association.   |
| 7.      | Madras Refineries Ltd.                     | 74,486   | (i) Chief Minister's Relief Fund Govt. of Tamil Nadu, Madras.<br>(ii) Chief Minister's Public Relief Fund, Tamil Nadu.<br>(iii) Administrative Staff College of India, Hyderabad.         |
| 8.      | New India Assurance Co. Ltd. <sup>a</sup>  | 65,001   | Names of parties not given.   |

### 3. Information is for the year 1976.

**23. The Committee are shocked and concerned to note that out of 172 public undertakings which were asked on 23rd December, 1977, to furnish information to the Public Undertakings Committee on various aspects of the working of public undertakings by 22nd January, 1978, only 100 undertakings furnished information upto 20th March, 1978. As many as 72\***

\* At the time of factual verification, the Bureau of Public Enterprises has stated that in Appendix I of the Report, the names of the enterprises which did not furnish the information till 20th March, 1978 have been given. Included in the list are Damodar Valley Corporation, Agricultural Refinance & Development Corporation, Industrial Development Bank of India and Industrial Finance Corporation, whom BPE had not addressed earlier as the guidelines issued by the Bureau are not applicable to these enterprises. Since, however, the Committee had desired that information should be collected from these undertakings also. BPE has since addressed them for collection of the requisite information with the request that top priority should be given by the concerned undertakings to furnish the requisite information by 22nd April, 1978.



public undertakings have not furnished information even after about three months of the calling of the information. The Committee see no valid reasons why the requisite information could not be collected by these public undertakings so long. In their First Report on Extravagant and Infructuous Expenditure on Entertainment by Public Undertakings presented to Lok Sabha on 3rd April, 1978, the Committee have made the following observations in this regard:—

“The Committee considered that deliberate non-supply of information even after a period of three months amounts of withholding of information which is very vital for accountability of undertakings to Parliament. This may amount to a contempt of the Committee. This, in the opinion of the Committee, is reprehensible.”

24. In this instance also, the Committee are positive that the intention is to withhold the information sought for. In the opinion of this Committee this may also constitute a clear contempt of the Committee. The Committee seriously suspect that this information has been withheld because there is a lot to hide.

25. The Committee are astonished to note that out of the 100 public undertakings from whom information has been received regarding the expenditure on Advertisement and Publicity, 92 undertakings have incurred an expenditure on Advertisement and Publicity to the tune of Rs. 963.48 lakhs during the few years of 1974-75, 1975-76 and 1976-77.

The Committee understand that there is an usual practice of giving a commission between 15 and 20 per cent to private Advertising Agencies this may well work out to about Rs. 193 lakhs. The Committee are unable to probe as to how much of this amount and in which undertakings part of this amount found its way in the pockets of private individuals, since the study is only on the basis of written replies. The Committee is positive that there is serious scope for corruption and nepotism in this sphere of business.

26. What is more shocking is the fact that 39 undertakings which have been incurring huge cumulative losses, or losses during any of the years 1974-75 to 1976-77 have also incurred considerable expenditure on Advertisement and Publicity through privately owned associates bypassing Government agencies. The Committee are fully aware of the fact that many of the Public Undertakings do not require to publicise anything at all excepting statutory notices, etc. For example Bharat Aluminium Co. Ltd.

with a cumulative loss of Rs. 1858 lakhs at the end of 1977 spent Rs. 6.96 lakhs on advertisement and publicity during 1976-77. Scooters India Ltd. with a cumulative loss of Rs. 638 lakhs till 1976-77 spent Rs. 5.37 lakhs on advertisement and publicity during 1976-77. Mining and Allied Machinery Corporation Ltd. with a cumulative loss of Rs. 3516 lakhs at the end of 1976-77 spent Rs. 9.39 lakhs on this account during the period 1974-75 to 1976-77. Cochin Shipyard Ltd. with a cumulative loss of Rs. 20.72 lakhs till 31st March, 1977 spent Rs. 4.28 lakhs during 1976-77. Central Inland Water Transport Corporation Ltd. with a cumulative loss of Rs. 2143 lakhs spent Rs. 1.31 lakhs during 1976-77. Bharat Gold Mines Ltd. with a cumulative loss of Rs. 767 lakhs spent Rs. 1.05 lakhs on this account during 1976-77. Jessop & Co. Ltd. with a cumulative loss of Rs. 1247 lakhs as on 31st March, 1977 spent Rs. 1.02 lakhs during 1976-77. Bharat Heavy Plates & Vessels Ltd. with a cumulative loss of 704 lakhs spent Rs. 6.05 lakhs on this account during the years 1974-75 to 1976-77.

27. The Committee find from the analysis of the expenditure on advertisement and publicity that in 1974-75 as many as six undertakings, namely Life Insurance Corporation of India, Bharat Heavy Electricals Ltd., Hindustan Machine Tools Ltd., Hindustan Photo Films Manufacturing Co. Ltd., Indian Airlines and Madras Fertilizers Ltd. had spent more than an amount of Rs. 10 lakhs on advertisement and publicity alone and the total amount spent by them was Rs. 159.45 lakhs. The Committee are deeply concerned to observe that in 1975-77 though the number of undertakings which had spent more than Rs. 10 lakhs was the same i.e. six, namely, Bharat Heavy Electricals Ltd. Hindustan Machine Tools Ltd., Life Insurance Corporation of India, Hindustan Photo Films Manufacturing Co. Ltd., Engineers India Ltd. and the Electronics Corporation of India Ltd., the total amount spent by them increased by Rs. 24.08 lakhs to Rs. 183.53 lakhs. It is noteworthy that during 1976-77 the number of undertakings which have spent more than Rs. 10 lakhs increased to eight namely Bharat Heavy Electricals Ltd., Hindustan Machine Tools Ltd., Life Insurance Corporation of India, Hindustan Photo Films Manufacturing Co. Ltd., Indian Airlines, Electronics Corporation of India Ltd., Engineers India Ltd. and Garden Reach Shipbuilders and Engineers Ltd. and the total amount spent on advertisement and publicity by these undertakings shot up to Rs. 254.53 lakhs.

28. The Committee note with utter dismay that the amount spent on advertisement and publicity by three undertakings, viz., Bharat Heavy Electricals Ltd., Hindustan Machine Tools and Hindustan Photo Films Mfg. Co. Ltd. has not only been more than Rs. 10 lakhs continuously during each of the three years 1974-75, 1975-76 and 1976-77 but their expenditure has also shown upward trend over these years. The Bharat Heavy Electricals Ltd. have, in their written note submitted to the Committee, stated that "52

per cent of our products are in the competitive sector where BHEL has to compete with private sector parties for the market share." The Committee are unable to appreciate this argument inasmuch as Bharat Heavy Electricals Ltd. have already built up considerable stature and enjoy monopoly in the production of certain specified items for which they need not have to compete much with private sector parties. The Committee are under the impression that they have always enough orders to feed them and their customers do not go by advertisement in mass media and cheap brochures.

29. In so far as insurance business is concerned, the Committee are at a loss to understand why the Life Insurance Corporation of India, which has got complete monopoly in this business, has incurred an expenditure which is as high as Rs. 70.66 lakhs during 1976-77. Although, the Committee feel that Life Insurance Corporation of India do require to advertise through different mass media, preferably through Government mass media, for reaching the prospective insurers yet they fail to understand why Life Insurance Corporation of India has not made use of Radio and T.V. sufficiently. This creates strong suspicion of malpractice and the Committee disapproves it thoroughly. It is an admitted fact that radio is much more effective as a mass media as compared to newspapers and other similar media. Out of Rs. 70.66 lakhs a trifling sum of Rs. 5.82 lakhs, has been spent by the Life Insurance Corporation of India on advertising through A.I.R. and T.V. The Life Insurance Corporation should only go for generic promotion. The Committee deplore this high rate of expenditure on advertisement and publicity by the Life Insurance Corporation through private sector advertising agencies and private mass media.

30. In the same category comes the Indian Airlines whose total expenditure during 1976-77 amounted to Rs. 20.73 lakhs. The I.A.C is required to publicise new routes and changes in time schedules. The Committee would like a fuller justification of the rationale of the extraordinarily high expenditure by this undertaking.

31. The Committee note that out of the 100 undertakings, only 29 undertakings have used the agency of the Directorate of Advertising and Visual Publicity and their expenditure on advertisement and publicity through this agency during the three years 1974-75, 1975-76 and 1976-77 was about Rs. 14.12 lakhs, representing a trifling 1.47 per cent of the overall expenditure of Rs. 963.48 lakhs incurred on advertisement and publicity during the relevant period. This gives rise to serious suspicions. The Indian Airlines have stated that they use advertising consultants from the approved panel of the Directorate of Advertising and Visual Publicity. The Committee also note that only 7 undertakings, viz. (1) Bharat Heavy Electricals Ltd., (2) Hindustan Organic Chemicals Ltd., (3) Life Insurance Corporation of India, (4) Jute Corporation of India, (5) Cement Corporation of

India, (6) Madras Fertilizers Ltd. and (7) Rehabilitation Industries Corporation Ltd. have used the media of AIR/TV for advertisement and publicity and the total amount spent by them during the three years was about Rs. 15.33 lakhs, i.e. 1.59 per cent only of the overall expenditure.

32. It is also seen that major portion of the expenditure incurred by the undertakings on advertisement and publicity has been on payments made to private advertising agencies (which makes one very suspicious) and the expenditure on advertisements through DAVP and AIR/TV has been next to nothing.

33. The Committee would like to express their deep anguish about the tendency which is manifest among the public undertakings for favouring the private advertising agencies at the expense of the governmental agency, viz. Directorate of Advertising and Visual Publicity. In this connection, the Committee would like to draw the attention of the Government to the recommendations made in their 47th Report (4th Lok Sabha) wherein they observed inter alia that all commercially non-competitive public undertakings should route their advertisements through the DAVP to get the benefit of the concessional rates. The Committee had also stressed that the commercially competitive public undertakings should also as far as possible and practicable use the agency of DAVP for their advertisements.

34. The Public Accounts Committee had also in their 173rd Report (1974-75) (Fifth Lok Sabha) made the following observations in this regard:—

“Government have not shown any earnestness in implementing, in letter and spirit, the accepted recommendations of the Committee on Public Undertakings. In fact, the Ministry of Information and Broadcasting should have taken full advantage of the recommendations of the Committee on Public Undertakings and pursued with the administrative Ministries concerned and Public Undertakings in order to secure ever larger share of advertisements being routed through DAVP.”

35. The Committee would require the Government to take concerted action to implement the recommendations of the Public Undertakings Committee and Public Accounts Committee made in their 47th Report (4th Lok Sabha) and 173rd Report (Fifth Lok Sabha), respectively.

36. The Committee are perturbed to note that some of the public undertakings have been patronising particular firms of advertising agencies for reasons not difficult to understand. For example, the Hindustan Photo Films Mfg. Co. Ltd. releases advertisements through M/s. R. K. Swamy Advertising Associates (P) Ltd., Madras. The Committee feel that M/s. R.K. Swamy Advertising Associates are very influential and seem to have

spread their tentacles in the appropriate quarters as this Company got special treatment from the Government in getting conditions of accreditation waived which was the subject matter of discussion by the P.A.C. in their 173rd Report (5th Lok Sabha). Other advertising agencies through whom advertisements are being given by some of the public undertakings are (1) M/s. New Fields Advertising Pvt. Ltd., New Delhi, (2) M/s Jaisons Bombay, (3) M/s. Dacunha Associates (P) Ltd., Bombay, (4) M/s. Times, New York, (5) Rediffusion Advertising (P) Ltd., Madras and (6) M/s. Redeus Advertising Pvt. Ltd., Bombay. The Committee strongly deprecate the practice of farming out almost entire advertisements to particular advertising agencies only. The Committee are not aware as to how these private advertising agencies are selected by these public undertakings. They cannot lose sight of the fact that arbitrary selections are bound to generate corruption, nepotism and malpractices. The commission that is at present given to the private advertising firms is around 15 per cent which amounts to payment of considerable sums of money to these advertising agencies.

37. In their 47th Report (4th Lok Sabha), the Committee on Public Undertakings had recommended that certain broad guidelines and criteria for co-relating the expenditure on publicity to the total sales/revenue etc. for specific groups of undertakings should be laid down after a detailed study by some specialised agency. The need for laying down such guidelines becomes all the more important in view of the fact that during the years 1974-75 to 1976-77, seven undertakings accounted for about 62 per cent of the total expenditure of Rs. 963.48 lakhs on advertisement and publicity by 100 undertakings.

38. The Committee require that the public undertakings should mention in their annual reports the amount spent with explanatory notes and the extent to which they have implemented the Government's policies and instructions issued by the administrative Ministries in this regard. The administrative Ministries on their part should also keep a closer watch to ensure that Government's policies are followed by the undertakings in letter and in spirit.

39. While the Committee note that the public undertakings are making handsome donations for purposes of relief for natural calamities such as the Andhra Cyclone, they disapprove of the practice of making donations to political parties for political purposes. For example, a sum of Rs. 10,000 was spent for advertising in souvenirs issued by A.I.C.C., Chandigarh in 1975 by the Bongaigaon Refinery and Petrochemicals Ltd. This is highly improper and illegal and responsibility should be fixed for taking action under advice to this Committee. The Ministry of Company Affairs should also be informed. Many other public undertakings have also spent on advertisements in souvenirs. Similar action should be taken against those Public Undertakings after enquiries without fail. The Committee also find

that one or two undertakings have not specified the names of the parties to whom the donations have been given. The reasons are not difficult to understand. However, the Committee require that requisite information should be furnished in details within a month of the presentation of the Report.

40. The Committee deprecate contributions by National Textiles Corporation (M.P.) towards customary charity to Cloth Merchants Association. The Committee does not approve giving of donation by New India Assurance Co. and Garden Reach Shipbuilders and Engineers Ltd. These public undertakings have not given names of the parties to whom the donations were made and withheld this information deliberately.

41. The Committee require the following to be ensured:

(1) That it will be obligatory on the Public Sector Undertakings to spend at least 30 per cent of their actual advertising and publicity Budget through Government owned mass media viz. All India Radio and Door Darshan. This should be gradually increased to 50 per cent within next three years.

(2) Their advertisements for newspapers should be routed through D.A.V.P. only. Advertisements should be given to private agencies only in a very few instances (calling for a very exceptional treatment) and that too with the express approval of the Board of Directors.

(3) The ratio of annual expenditure on advertisement/publicity to the annual income of the undertaking should be clearly indicated.

NEW DELHI;

April 17, 1978

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Chaitra 27, 1900 (Saka).

JYOTIRMOY BOSU,

Chairman,

Committee on Public Undertakings.

## **APPENDIX I**

*(Vide Para 2 of Report)*

*Particulars of 72 Public Undertakings which have not furnished the requisite information till 20-3-1978*

1. Air India
2. Air India Charters Ltd.
3. Andaman & Nicobar Islands Forest & Plantation Development Corporation
4. Banana & Fruit Development Corporation Ltd.
5. Bharat Coking Coal Ltd.
6. Bharat Earth Movers Ltd.
7. Bharat Electronics Ltd.
8. Bokaro Ispath Ltd.
9. Bridge & Roof Co. (I) Ltd.
10. Central Coal Fields Ltd.
11. Central Cottage Industries Corporation of India Ltd.
12. Central Fisheries Corporation Ltd.
13. Central Warehousing Corporation Ltd.
14. Central Road Transport Corporation.
15. Coal India Ltd.
16. Cotton Corporation of India Ltd.
- \*17. Damodar Valley Corporation.
18. Eastern Coalfields Ltd.
19. Fertilizers & Chemicals (I) Ltd.
20. Fertilizer Corporation of India Ltd.
21. Film Finance Corporation Ltd.
22. Food Corporation of India.
23. Goa Shipyard Ltd.
24. Gresham & Craven of India Ltd.
25. Handicrafts & Handloom Export Corporation of India Ltd.
26. Heavy Engineering Corporation Ltd.

27. Hindustan Copper Ltd.
  28. Hindustan Paper Corporation Ltd.
  29. Hindustan Petroleum Corporation Ltd.
  30. Hindustan Steel Ltd.
  31. Hindustan Steel Works Construction Ltd.
  32. Hindustan Zinc Ltd.
  33. India Tourism Development Corporation Ltd.
  34. Hotel Corporation of India Ltd.
  35. Indian Drugs & Pharmaceuticals Ltd.
  36. Indian Iron & Steel Co. Ltd.
  37. Indian Oil Blending Company Ltd.
  38. Indian Oil Corporation Ltd.
  39. Indian Petro-Chemicals Corporation.
  40. Indian Telephone Industries Ltd.
  41. Indo-Burma Petroleum Corporation Ltd.
  42. Lubrizol India Ltd.
  43. Mandya National Paper Mills Ltd.
  44. Manganese Ore India Ltd.
  45. Mica Trading Corporation of India Ltd.
  46. Modern Bakeries (I) Ltd.
  47. Nagaland Paper & Pulp Mills Ltd.
  48. National Mineral Development Corporation Ltd.
  49. National Newsprint and Paper Mills Ltd.
  50. National Projects Construction Corporation Ltd.
  51. National Seeds Corporation Ltd.
  52. National Textile Corporation
  53. National Textile Corporation (Andhra Pradesh, Karnataka, Kerala, Mahe) Ltd.
  54. National Textile Corporation (Delhi, Punjab & Rajasthan) Ltd.
  55. National Textile Corporation (Maharashtra North) Ltd.
  56. National Textile Corporation (South Maharashtra) Ltd.
  57. National Textile Corporation (Tamil Nadu & Pondicherry) Ltd.
  58. National Textile Corporation (Uttar Pradesh) Ltd.
  59. National Textile Corporation (West Bengal, Bihar, Assam & Orissa) Ltd.
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60. North Eastern Handicrafts and Handloom Development Corporation.
61. Neyveli Lignite Corporation Ltd.
62. Oil & Natural Gas Commission
63. Pyrites, Phosphates & Chemicals Ltd.
64. SAIL International Ltd.
65. Shipping Corporation of India Ltd.
66. State Trading Corporation (India) Ltd.
67. Steel Authority of India Ltd.
68. Tannery & Footwear Corporation of India Ltd.
69. Tungabhadra Steel Products Ltd.
- 70.\* Agricultural Refinance & Development Corporation
- 71.\* Industrial Development Bank of India
- 72.\* Industrial Finance Corporation.

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\*At the time of factual verification, the Bureau of Public Enterprises has stated that.

In Appendix I of the Report, the names of the enterprises which did not furnish the information till 20th March 1978 have been given. Included in the list are Damodar Valley Corporation, Agricultural Refinance & Development Corporation, Industrial Development Bank of India and Industrial Finance Corporation, whom BPE had not addressed earlier as the guidelines issued by the Bureau are not applicable to these enterprises. Since, however, the Committee had desired that information should be collected from these undertakings also. BPE has since addressed them for collection of the requisite information with the request that top priority should be given by the concerned undertakings to furnish the requisite information by 22nd April, 1978.

## APPENDIX II

(Vide Para 7 of Report)

*Details of Expenditure on Advertisement/Publicity incurred by individual undertakings during three years  
1974-75, 1975-76 and 1976-77*

(Rs. in lakhs)

| S.No. | Name of Undertaking  | 1974-75 | 1975-76 | 1976-77 |
|-------|--|---------|---------|---------|
| 1.    | Life Insurance Corpn. of India, Bombay .                             | 60.24   | 50.65   | 70.66   |
| 2.    | Bharat Heavy Electricals Ltd., New Delhi .                           | 36.32   | 55.71   | 65.21   |
| 3.    | Hindustan Machine Tools Ltd., Bangalore                              | 26.42   | 36.15   | 41.84   |
| 4.    | Hindustan Photo Films Mfg. Co. Ltd.,<br>Ootacamund . . . . .         | 10.08   | 14.89   | 21.19   |
| 5.    | Indian Airlines, New Delhi . . . .                                   | 12.73   | 9.69    | 20.73   |
| 6.    | Engineers India Ltd., New Delhi . . .                                | 7.24    | 14.20   | 11.27   |
| 7.    | Madras Fertilizers Ltd., Madras . . .                                | 13.66   | 7.40    | 9.13    |
| 8.    | Electronics Corporation of India Ltd.,<br>Hyderabad . . . . .        | 6.83    | 11.93   | 12.63   |
| 9.    | Garden Reach Shipbuilders & Engineers<br>Ltd., Calcutta . . . . .    | 2.93    | 6.08    | 11.00   |
| 10.   | Hindustan Teleprinters Ltd., Madras .                                | 3.33    | 5.63    | 7.75    |
| 11.   | Engineering Projects (I) Ltd., New Delhi .                           | 2.54    | 4.20    | 7.51    |
| 12.   | Bharat Aluminium Co. Ltd., New Delhi .                               | 2.48    | 5.44    | 6.96    |
| 13.   | Instrumentation Ltd., Kota . . . .                                   | 1.46    | 2.66    | 6.67    |
| 14.   | Hindustan Aeronautics Ltd., Bangalore                                | 2.75    | 3.44    | 6.38    |
| 15.   | Scooters India Ltd., Lucknow . . . .                                 | 2.65    | 6.13    | 5.37    |
| 16.   | Hindustan Organic Chemicals Ltd., Kolaba                             | 0.70    | 4.99    | 5.89    |
| 17.   | Mining & Allied Machinery Corporation<br>Ltd., Durgapur . . . . .    | 1.46    | 5.70    | 2.23    |
| 18.   | Minerals & Metals Trading Corporation<br>Ltd., New Delhi. . . . .    | 3.42    | 4.12    | 4.68    |
| 19.   | Metallurgical & Engineering Consultants(I)<br>Ltd., Ranchi . . . . . | 1.21    | 3.08    | 4.61    |
| 20.   | Cochin Shipyard Ltd., Cochin . . . .                                 | 3.07    | 3.75    | 4.28    |

| S.No. | Name of Undertaking   | 1974-75 | 1975-76 | 1976-77 |
|-------|---|---------|---------|---------|
| 21.   | Export Credit and Guarantee Corporation Ltd., Bombay . . . . .        | 2.32    | 3.40    | 4.09    |
| 22.   | Mazagon Dock Ltd., Bombay . . . . .                                   | 2.53    | 3.78    | 4.05    |
| 23.   | Cement Corporation of India Ltd., New Delhi . . . . .                 | 1.08    | 3.10    | 3.98    |
| 24.   | Hindustan Shipyard Ltd. . . . .                                       | 2.96    | 3.67    | 3.25    |
| 25.   | Kudremukh Iron Ore Co. Ltd. Bangalore                                 |         |         | 3.65    |
| 26.   | Bharat Heavy Plate & Vessels Ltd., Visakhapatnam . . . . .            | 1.35    | 3.52    | 1.18    |
| 27.   | Mishra Dhatu Nigam Ltd., Hyderabad . . . . .                          | 0.50    | 1.17    | 3.46    |
| 28.   | Praga Tools Ltd., Secunderabad . . . . .                              | 1.06    | 2.22    | 2.85    |
| 29.   | Biecco Lawrie Ltd., Calcutta . . . . .                                | 0.97    | 2.81    | 2.77    |
| 30.   | National Buildings Construction Corporation Ltd., New Delhi . . . . . | 1.04    | 1.87    | 2.71    |
| 31.   | Western Coalfields Ltd., Nagpur . . . . .                             | 1.13    | 2.70    | 2.39    |
| 32.   | H.M.T. (International) Ltd., Bangalore . . . . .                      | ..      | 1.64    | 2.56    |
| 33.   | Bharat Pumps & Compressors Ltd., Naini, Allahabad . . . . .           | 1.45    | 1.33    | 2.33    |
| 34.   | New India Assurance Co. Ltd., Bombay . . . . .                        | 0.73    | 0.45    | 2.31    |
| 35.   | Balmer Lawrie & Co. Ltd., New Delhi . . . . .                         | 0.87    | 2.17    | 1.68    |
| 36.   | State Farms Corporation Ltd. New Delhi                                | 2.08    | 1.99    | 1.51    |
| 37.   | Richardson & Cruddas Ltd. Bombay                                      | 0.95    | 0.91    | 1.84    |
| 38.   | National Research Development Corporation Ltd., New Delhi . . . . .   | 1.32    | 1.30    | 1.65    |
| 39.   | National Small Industries Corporation Ltd., New Delhi . . . . .       | 1.35    | 1.44    | 1.60    |
| 40.   | Indian Rare Earth Ltd., Bombay  | 0.73    | 1.55    | 1.13    |
| 41.   | Mogul Line Ltd., Bombay . . . . .                                     | 0.98    | 1.44    | 1.53    |
| 42.   | Projects & Equipments Corporation of India Ltd., New Delhi . . . . .  | 1.53    | 0.30    | 0.26    |
| 43.   | Hindustan Cables Ltd., Rupanarainpur, Distt. Burdwan . . . . .        | 0.91    | 0.88    | 1.42    |
| 44.   | Hindustan Antibiotics Ltd., Pimpri, Poona                             | 1.42    | 1.36    | 0.48    |

| Sl. No. | Name of Undertaking   | 1974-75 | 1975-76 | 1976-77 |
|---------|---|---------|---------|---------|
| 45.     | Triveni Structurals Ltd., Allahabad .                                       | 0.31    | 0.23    | 1.40    |
| 46.     | Central Inland Water Transport Corporation Ltd., Calcutta . . . . .         | 0.22    | 0.97    | 1.31    |
| 47.     | Central Electronics Ltd., New Delhi.  | 0.78    | 0.83    | 1.26    |
| 48.     | Jessop & Co. Ltd., Calcutta . . . . .                                       | 0.59    | 1.26    | 1.02    |
| 49.     | Central Mine Planning and Design Institute Ltd., Ranchi . . . . .           |         | 0.21    | 1.15    |
| 50.     | Hindustan Insecticides Ltd., New Delhi. .                                   | 0.56    | 0.63    | 1.15    |
| 51.     | Madras Refineries Ltd., Madras . . . . .                                    | 0.83    | 1.07    | 1.15    |
| 52.     | National Industrial Development Corporation Ltd., New Delhi . . . . .       | 1.08    | 1.00    | 0.73    |
| 53.     | Bharat Gold Mines Ltd., Gorgum, Karnataka . . . . .                         | 0.62    | 0.77    | 1.05    |
| 54.     | Rehabilitation Industries Corporation Ltd., Calcutta. . . . .               | 1.00    | 1.00    | 0.48    |
| 55.     | General Insurance Corporation of India Ltd., Bombay . . . . .               | 0.21    | 0.09    | 0.99    |
| 56.     | Artificial Limbs Mfg. Co. Ltd., Kanpur                                      | 0.94    | 0.65    | 0.46    |
| 57.     | International Airports Authority of India Ltd., New Delhi. . . . .          | 0.48    | 0.84    | 0.77    |
| 58.     | Bharat Dynamics Ltd., Hyderabad.  | 0.51    | 0.83    | 0.82    |
| 59.     | Mineral Exploration Corporation Ltd., Nagpur . . . . .                      | 0.73    | 0.43    | 0.81    |
| 60.     | Housing & Urban Development Corporation Ltd., New Delhi . . . . .           | 0.18    | 0.22    | 0.71    |
| 61.     | Water & Power Development Consultancy Services (I) Ltd., New Delhi. . . . . | 0.28    | 0.17    | 0.70    |
| 62.     | National Textile Corporation (Madhya Pradesh) Ltd., Indore . . . . .        | ..      | 0.69    | 0.64    |
| 63.     | State Chemicals & Pharmaceuticals Ltd., New Delhi . . . . .                 |         |         | 0.63    |
| 64.     | Electronics Trade & Technology Development Corporation Ltd., New Delhi .    | 0.32    | 0.59    | 0.35    |
| 65.     | Tea Trading Corporation of India Ltd., Calcutta . . . . .                   | 0.02    | 0.26    | 0.56    |
| 66.     | Cochin Refineries Ltd., Cochin  | 0.46    | 0.50    | 0.28    |
| 67.     | Uranium Corporation of India Ltd., Singhbhum (Bihar) . . . . .              | 0.45    | 0.41    | 0.50    |

(Rs. in lakhs)

| Sl.No. | Name of Undertaking   | 1974-75 | 1975-76 | 1976-77 |
|--------|---|---------|---------|---------|
| 68.    | Indian Dairy Corporation, Baroda . . .                              | 0.23    | 0.35    | 0.48    |
| 69.    | Bharat Leather Corporation Agra. . .                                | ..      | ..      | 0.40    |
| 70.    | Hindustan Housing Factory Ltd., New Delhi . . . . .                 | 0.24    | 0.22    | 0.39    |
| 71.    | Hindustan Latex Ltd., Trivandrum . . .                              | 0.35    | 0.19    | 0.25    |
| 72.    | Bharat Refractories Ltd., Bokaro . . .                              | 0.20    | 0.32    | 0.11    |
| 73.    | Burn Standard Co., Ltd., Calcutta . . .                             |         | ..      | 0.30    |
| 74.    | Indian Road Construction Corporation Ltd., New Delhi . . . . .      |         | ..      | 0.30    |
| 75.    | Bharat Petroleum Corporation, Bombay . . .                          |         |         | 0.28    |
| 76.    | India Firebricks & Insulation Co., Ltd., Hazaribagh . . . . .       |         | 0.10    | 0.28    |
| 77.    | Rural Electrification Corporation, New Delhi . . . . .              | 0.12    | 0.14    | 0.28    |
| 78.    | Jute Corporation of India Ltd., Calcutta . . .                      | 0.24    | 0.08    | 0.21    |
| 79.    | National Instruments Ltd., Calcutta . . .                           | 0.14    | 0.05    | 0.23    |
| 80.    | Salem Steel Ltd., Salem . . . . .                                   | 0.03    | 0.06    | 0.21    |
| 81.    | Braithwaite & Co. Ltd., Calcutta . . .                              | ..      |         | 0.16    |
| 82.    | National Fertilizers Ltd., New Delhi . . .                          | 0.00750 | 0.09    | 0.14    |
| 83.    | Polani Ores Ltd., Calcutta . . . . .                                | 0.08    | ..      | 0.12    |
| 84.    | Bongaigaom Refineries and Petro Chemicals Ltd., New Delhi . . . . . |         | ..      | 0.10*   |
| 85.    | Delhi Transport Corpn. Ltd., New Delhi . . .                        | 0.00576 | 0.00720 | 0.09    |
| 86.    | Metal Scrap Trade Corporation of India Ltd., Calcutta. . . . .      | 0.002   | 0.01    | 0.08    |
| 87.    | National Thermal Power Corporation Ltd., New Delhi . . . . .        | ..      | ..      | 0.08    |
| 88.    | Sambhar Salts Ltd., Jaipur . . . . .                                | 0.08    | 0.02    |         |
| 89.    | Hindustan Salts Ltd., Jaipur . . . . .                              | 0.01    | 0.05    | 0.02    |
| 90.    | Indian Motion Pictures Export Corporation, Bombay . . . . .         | 0.01    | 0.02    | 0.03    |
| 91.    | Computer Maintenance Corporation, Bombay . . . . .                  |         |         | 0.02    |
| 92.    | National Textile Corporation (Gujarat) Ltd., Ahmedabad . . . . .    | 0.02    | 0.00200 | 0.02    |
| 93.    | Bharat Ophthalmic Glass Ltd., Durgapur . . .                        | Nil     | Nil     | Nil     |

\* This amount has been paid to AICC Souvenir Chandigarh.

| Sl. No. | Name of Undertaking  | (Rs. in lakhs) |          |         |
|---------|--|----------------|----------|---------|
|         |  | 1974-75        | 1975-76  | 1976-77 |
| 94.     | Cashew Corporation of India, Cochin                        | Nil            | Nil      | Nil     |
| 95.     | Dredging Corporation of India, New Delhi                   | Nil            | Nil      | Nil     |
| 96.     | Hydro Carbons India Ltd. New Delhi                         | Nil            | Nil      |         |
| 97.     | Indian Railway Construction Co. Ltd., New Delhi            | Nil            | Nil      | Nil     |
| 98.     | National Hydro Electric Power Corporation Ltd., New Delhi  | Nil            | Nil      | Nil     |
| 99.     | Rail India Technical and Economic Services Ltd., New Delhi | Nil            | Nil      | Nil     |
| 100.    | Trade Fair Authority of India, New Delhi                   | Nil            | Nil      | Nil     |
| Total : |  | 243.11126      | 316.1992 | 404.17  |

### APPENDIX III

(Vide para 14 of Report)

*Names of Undertakings whose expenditure on publicity/advertisement was less than Rs. 1 lakh but more than Rs. 50,000 during any of the years 1974-75, 1975-76 or 1976-77.*

(Rs. in lakhs)

| S.No. | Name of Undertakings  | Amount spent |         |         |
|-------|---|--------------|---------|---------|
|       |   | 1974-75      | 1975-76 | 1976-77 |
| 1.    | General Insurance Corpn. of India, Bombay                               | 0.21         | 0.09    | 0.99    |
| 2.    | Artificial Limbs Mfg. Co., Ltd. Kanpur .                                | 0.94         | 0.65    | 0.46    |
| 3.    | International Airports Authority of India Ltd., New Delhi . . . . .     | 0.48         | 0.84    | 0.77    |
| 4.    | Bharat Dynamics Ltd., Hyderabad . . .                                   | 0.51         | 0.83    | 0.82    |
| 5.    | Mineral Exploration Corporation Ltd., Nagpur . . . . .                  | 0.73         | 0.43    | 0.85    |
| 6.    | Housing & Urban Development Corporation Ltd., New Delhi . . . . .       | 0.18         | 0.22    | 0.71    |
| 7.    | Water & Power Dev. Consultancy Services (I) Ltd., New Delhi . . . . .   | 0.28         | 0.17    | 0.70    |
| 8.    | National Textile Corpn. (Madhya Pradesh) Ltd., Indore . . . . .         |              | 0.69    | 0.64    |
| 9.    | State Chemicals & Pharmaceuticals Ltd., New Delhi . . . . .             | —            | —       | 0.63    |
| 10.   | Electronics Trade & Technology Development Corporation, New Delhi . . . | 0.32         | 0.59    | 0.35    |
| 11.   | Tea Trading Corpn. of India Ltd., Calcutta . . . . .                    | 0.02         | 0.26    | 0.56    |
| 12.   | Cochin Refineries Ltd., Cochin .  | 0.46         | 0.50    | 0.28    |
| 13.   | Uranium Corpn. of India Ltd., Singhbhum (Bihar) . . . . .               | 0.45         | 0.41    | 0.50    |

# APPENDIX IV

(Vide para 15 of Report)

*Names of Public Undertakings in whose case Expenditure on Advertisement/Publicity was below Rs. 50,000 during each of the years 1974-75, 1975-76 and 1976-77.*

(Rs. in lakhs)

| S. No. | Name of Undertaking  | Year    |         |         |
|--------|--|---------|---------|---------|
|        |  | 1974-75 | 1975-76 | 1976-77 |
| 1      | 2  | 3       | 4       | 5       |
| 1.     | Indian Dairy Corporation, Baroda .                                     | 0.23    | 0.35    | 0.48    |
| 2.     | Bharat Leather Corpn., Agra .  |         |         | 0.40    |
| 3.     | Hindustan Housing Factory Ltd., New Delhi .                            | 0.24    | 0.22    | 0.39    |
| 4.     | Hindustan Latex Ltd., Trivendrum .                                     | 0.35    | 0.19    | 0.25    |
| 5.     | Bharat Refractories Ltd., Bokaro .                                     | 0.20    | 0.32    | 0.11    |
| 6.     | Burn Standard Co., <sup>1</sup> Calcutta .                             |         | ..      | 0.30    |
| 7.     | Indian Road Construction Corporation Ltd., <sup>2</sup> New Delhi .    | ..      | —       | 0.30    |
| 8.     | Bharat Petroleum Corpn., <sup>3</sup> Bombay .                         |         |         | 0.28    |
| 9.     | India Firebricks & Insulation Co. Ltd., Hazaribag .                    | ..      | 0.10    | 0.28    |
| 10.    | Rural Electrification Corpn. New Delhi .                               | 0.12    | 0.14    | 0.28    |
| 11.    | Jute Corporation of India, Ltd., Calcutta .                            | 0.24    | 0.08    | 0.21    |
| 12.    | National Instruments Ltd., Calcutta .                                  | 0.14    | 0.05    | 0.23    |
| 13.    | Salem Steel Ltd., Salem .  | 0.03    | 0.06    | 0.21    |
| 14.    | Braithwaite & Co. Ltd., <sup>3</sup> Calcutta .                        | ..      | ..      | 0.16    |
| 15.    | National Fertilizers Ltd., New Delhi .                                 | 0.00750 | 0.09    | 0.14    |
| 16.    | Bolani Ore Ltd., <sup>3</sup> Calcutta .                               | 0.08    | —       | 0.12    |
| 17.    | Bongaigaon Refinery and <sup>3</sup> Petro Chemicals Ltd., New Delhi . | ..      | ..      | 0.10    |

<sup>1</sup>The figure is for the period from 1-12-1976 to 31-3-1977.

<sup>2</sup>These undertakings have given consolidated figures and not year-wise.

<sup>3</sup>The amount of Rs. 0.12 is for 1975-76 (18 months).



| 1   | 2  | 3       | 4       | 5    |
|-----|--|---------|---------|------|
| 18. | Delhi Transport Corpn., New Delhi . . . . .                      | 0'00576 | 0'00720 | 0'09 |
| 19. | Metal Scrap Trade Corpn., Calcutta . . . . .                     | 0'002   | 0'01    | 0'08 |
| 20. | National Thermal Power Corporation<br>Ltd., New Delhi . . . . .  | ..      | ..      | 0'08 |
| 21. | Sambhar Slats Ltd., Jaipur . . . . .                             | 0'08    | 0'02    | ..   |
| 22. | Hindustan Salts Ltd., Jaipur . . . . .                           | 0'01    | 0'05    | 0'02 |
| 23. | Indian Motion Pictures Export Corpora-<br>tion, Bombay . . . . . | 0'01    | 0'02    | 0'03 |
| 24. | Compute Maintenance Corpn., Bombay . . . . .                     |         |         | 0'02 |
| 25. | National Textile Corpn., (Gujarat) Ltd.,<br>Ahmedabad . . . . .  | 0'02    | 0'00200 | 0'02 |

## APPENDIX V

(Vide Para 16 of Report)

*Details of expenditure by individual undertakings on advertisements and publicity through the Directorate of Advertising and Visual Publicity during 1974-75, 1975-76 and 1976-77.*

| S.No. | Name of Undertaking   | Amount spent (in Rs.) |          |          |
|-------|---|-----------------------|----------|----------|
|       |   | 1974-75               | 1975-76  | 1976-77  |
| 1.    | Hindustan Shipyard Ltd. Visakhapatnam .                           | 2,01,104              | 2,42,081 | 1,99,064 |
| 2.    | Hindustan Aeronautics Ltd., Bangalore                             | ..                    | ..       | 98,306   |
| 3.    | Engineers India Ltd., <sup>1</sup> New Delhi .                    | ..                    | ..       | 88,300   |
| 4.    | Garden Reach Ship builders & Engineers Ltd., Calcutta . . . . .   | ..                    | ..       | 64,000   |
| 5.    | Bharat Heavy Electricals Ltd., New Delhi                          | 5,080                 | 9,100    | 50,160   |
| 6.    | Cement Corporation of India Ltd., New Delhi . . . . .             | ..                    | ..       | 48,035   |
| 7.    | Cochin Shipyard Ltd., Cochin . . . .                              | 3,551                 | 2,743    | 40,205   |
| 8.    | Bharat Pumps & Compressors Ltd., Naini, Allahabad . . . . .       | 30,000                | 30,000   | 30,000   |
| 9.    | Housing & Urban Development Corporation Ltd., New Delhi . . . . . | 16,815                | 15,110   | 27,055   |
| 10.   | Mazagon Dock Ltd., Bombay . . . .                                 | ..                    | ..       | 19,845   |
| 11.   | Bharat Gold Mines Ltd., Gorgum, Karnataka . . . . .               | 15,041                | 2,672    | 14,250   |
| 12.   | Hindustan Photo Films Mfg. Co., Ootacamund . . . . .              | ..                    | ..       | 15,000   |
| 13.   | Bharat Aluminium Co. Ltd., New Delhi .                            | 1,500                 | 9,950    | 14,265   |
| 14.   | Burn Standard Co. Ltd. <sup>2</sup> Calcutta . . .                | ..                    | ..       | 13,000   |

<sup>1</sup>In addition the company paid Rs. 1,49,900; Rs. 1,34,900 and Rs. 30,250 in 1974-75, 1975-76 and 1976-77 respectively to the Director of Extension & Commercial Publicity, Ministry of Commerce.

<sup>2</sup>The amount is for the period 1-12-1976 to 31-3-1977.

| S.No. Name of Undertaking   | Amounts spent ( in Rs. ) |          |          |
|---|--------------------------|----------|----------|
|   | 1974-75                  | 1975-76  | 1976-77  |
| 15. Water & Power Development Consultancy Services (I) Ltd., New Delhi  | 1,600                    | 10,826   | 10,497   |
| 16. Hindustan Latex Ltd., Trivandrum                                    | 3,795                    | —        | 9,859    |
| 17. National Instruments Ltd., Calcutta                                 | —                        | 5,200    | 8,100    |
| 18. Sambhar Salts Ltd., Jaipur . . .                                    | 7,689                    | 2,187    | —        |
| 19. National Small Industries Corporation Ltd., New Delhi . . . . .     | 5,782                    | 300      | 410      |
| 20. Indian Road Construction Corporation Ltd.,* New Delhi . . . . .     | —                        | —        | 5,220    |
| 21. Bharat Leather Corporation Ltd., Agra <sup>4</sup>                  | —                        | —        | 4,590    |
| 22. Tea Trading Corporation of India Ltd, Calcutta . . . . .            | —                        | —        | 4,530    |
| 23. Central Inland Water Transport Corporation Ltd., Calcutta . . . . . | —                        | —        | 4,080    |
| 24. National Research Development Corporation Ltd., New Delhi . . .     | 4,000                    | —        | 2,000    |
| 25. Indian Rare Earths Ltd., Bombay .                                   | 3,160                    | 3,580    | 3,565    |
| 26. Projects & Equipments Corporation of India Ltd., New Delhi . . .    | —                        | —        | 2,880    |
| 27. Bolani Ores Ltd., Calcutta <sup>5</sup> . . .                       | —                        | —        | 1,350    |
| 28. Richardson & Cruddas Ltd., <sup>3</sup> Bombay                      | —                        | —        | 630      |
| 29. Hindustan Salts Ltd., Jaipur . . .                                  | —                        | —        | 253      |
| Total :   | 2,99,117                 | 3,33,749 | 7,79,449 |

\*These undertakings have given consolidated figures.

<sup>4</sup>Company incorporated on 30-3-1976

<sup>5</sup>The amount is for 1975-77 (18 months)

## APPENDIX VI

(Vide para 18 of Report)

*Details of Expenditure by individual undertakings on advertisements/publicity through A.I.R./T.V during 1974-75, 1975-76 and 1976-77.*

| S.No. | Name of Undertaking                                      | 1974-75  | 1975-76  | 1976-77  |
|-------|--|----------|----------|----------|
|       |  | Rs.      | Rs.      | Rs.      |
| 1     | Life Insurance Corporation of India, Bombay              | 2,13,372 | 2,99,276 | 2,82,553 |
| 2     | Madras Fertilizers Ltd., Madras                          | 2,42,530 | 1,04,433 | —        |
| 3     | Hindustan Organic Chemicals Ltd., Kolaba                 | —        | —        | 37,000   |
| 4     | Calcutta . . . . .                                       | 18,037   | 3,815    | —        |
| 5     | Cement Corporation of India Ltd.,<br>New Delhi . . . . . | —        | —        | 11,697   |
| 6     | Jute Corporation of India, Calcutta .                    | 8,187    | —        | 6,550    |
| 7     | Bharat Heavy Electricals Ltd., New Delhi                 | —        | —        | 5,500    |
|       | Total  | 4,82,126 | 4,07,524 | 6,43,300 |

## APPENDIX VII

(Vide para 21 of Report)

*Details of Donation and Subscription Paid By Public Undertakings During the Years 1974-75, 1975-76 and 1976-77*

| S.No. | Name of Undertaking                                | Amounts of Donation/Subscription (In Rs.) |         |          |
|-------|--|---|---------|----------|
|       |  | 1974-75                                   | 1975-76 | 1976-77  |
| 1     | Hindustan Aeronautics Ltd.                         | 19,500                                    | 206,500 | 5,61,000 |
| 2     | Western Coalfields Ltd.                            | 26,049                                    | 103,612 | 4,06,432 |
| 3     | Minerals & Metals Trading Corporation of India     | 6,000                                     | 280,500 | 31,450   |
| 4     | Metallurgical Engineering Consultants (India) Ltd. | 1,000                                     | 240,000 | 242,000  |
| 5     | Bharat Petroleum Corpn. Ltd. <sup>1</sup>          | —   | —       | 221,205  |
| 6     | New India Assurance Co. Ltd.                       | 36,043                                    | 198,755 | 65,001   |
| 7     | General Insurance Corpn.                           | —   | 100,000 | 160,000  |
| 8     | National Textile Corpn. (Madhya Pradesh) Ltd.      | 76,000                                    | 116,000 | 152,000  |
| 9     | Garden Reach Shipbuilders and Engineers Ltd.       | 25,000                                    | 104,000 | 6,000    |
| 10    | Rural Electrification Corpn.                       | —   | 100,000 | —        |
| 11    | Instrumentation Ltd., Kota                         | 30,000                                    | 96,508  | 43,295   |
| 12    | Hindustan Organic Chemicals Ltd.                   | —   | 89,000  | 20,000   |
| 13    | Madras Refineries Ltd.                             | 8,150                                     | 15,094  | 74,486   |
| 14    | Balmer Lawrie & Co. Ltd. <sup>2</sup>              | 3,168                                     | 73,852  | 4,690    |
| 15    | Engineers India Ltd.                               | —   | 54,046  | 2,000    |
| 16    | Indian Dairy Corporation                           | 50,500                                    | 10,550  | 10,500   |
| 17    | Indian Rare Earths Ltd.                            | 8,050                                     | 45,451  | 9,456    |
| 18    | Mining & Allied Machinery Corporation Ltd.         | 7,500                                     | 15,500  | 37,058   |
| 19    | Hindustan Insecticides Ltd.                        | 750                                       | 33,300  | 1,000    |
| 20    | Hindustan/Antibiotics Ltd.                         | 1,500                                     | 31,525  | 1,357    |
| 21    | Engineering Projects (I) Ltd.                      | 2,250                                     | 25,400  | 18,500   |

<sup>1</sup>The undertaking has furnished consolidated figure.

<sup>2</sup>The figures are for 1974 (12 months), 1975-76 (15 months) and 1976-77 (12 months)

| S.No.   | Name of Undertaking                             | Amounts of Donation/Subscription<br>(in Rs.) |           |           |
|---------|---|--|-----------|-----------|
|         |   | 1974-75                                      | 1975-76   | 1976-77   |
| 22      | Metal Scrap Trade Corpn.                        | —  | 25,000    | 10,000    |
| 23      | Cement Corporation of India                     | —  | 21,000    | 3,000     |
| 24      | Salem Steel Ltd.                                | —  | —         | 20,000    |
| 25      | Bolani Ores Ltd.                                | 4,302  | —         | 16,507    |
| 26      | Jessop & Co. Ltd.                               | 7,175  | 10,875    | 15,425    |
| 27      | National Fertilizers Ltd.                       | —  | —         | 14,500    |
| 28      | Export Credit & Gurantee Corporation Ltd        | 2,660  | 6,107     | 10,310    |
| 29      | Central Inland Water Transport Corporation      | 3,695  | 8,746     | 13,852    |
| 30      | Bharat Aluminium Co. Ltd.                       | 10,000                                       | 10,000    | —         |
| 31      | Hindustan Teleprinters Ltd.                     | —  | 10,000    | —         |
| 32      | Uranium Corporation of India Ltd.               | —  | 10,000    | —         |
| 33      | Hindustan Salts Ltd.                            | 9,500  | 3,200     | —         |
| 34      | Tea Trading Corporation of India Ltd.           | —  | —         | 8,687     |
| 35      | International Airports Authority of India       | 7,500  | —         | —         |
| 36      | Mineral Exploration Corpn.                      | 6,700  | 1,000     | 500       |
| 37      | National Small Industries Corporation Ltd.      | —  | 6,200     | 1,200     |
| 38      | Cochin Refineries Ltd.                          | 4,300  | 5,200     | 1,100     |
| 39      | Praga Tools Ltd.                                | 1,500  | 4,356     | 3,500     |
| 40      | Hindustan Cables Ltd.                           | —  | 1,050     | 4,150     |
| 41      | Richardson and Guddas Ltd. Bombay               | 251  | 3,904     | 2,801     |
| 42      | Mazagon Dock Ltd.                               | 2,970  | —         | 250       |
| 43      | Kudremukh Iron Ore Co. Ltd.                     | —  | —         | 2,000     |
| 44      | National Building Construction Corpn.           | —  | —         | 1,295     |
| 45      | Hindustan Photo Films Mfg. Co. Ltd.             | —  | —         | 750       |
| 46      | Bharat Heavy Electricals Ltd.                   | —  | 501       | —         |
| 47      | Central Mine Planning and Design Institute Ltd. | —  | 400       | —         |
| 48      | Hindustan Latex Ltd.                            | 100  | 300       | —         |
| 49      | Biecco Lawrie Ltd.*                             | 285  | 175       | 295       |
| 50      | Hindustan Shipyard Ltd.                         | —  | 250       | 100       |
| 51      | Bharat Heavy Plate & Vessels                    | 200  | —         | —         |
| Total : |   | 3,62,598                                     | 20,67,807 | 21,97,652 |

\*The figures are for 1974 (12 months), 1975-76 (15 months) and 1976-77 (12 months).

## APPENDIX VIII

### *Summary of conclusions/recommendations of the Committee on Public Undertakings contained in the Report.*

| S. No. | Reference<br>to paragraph<br>No. in the<br>Report | Summary of Conclusions/<br>Recommendations   |
|--------|---|--|
| (1)    | (2)   | (3)  |
| 1      | 23<br>and 24                                      | <p>The Committee are shocked and concerned to note that out of 172 public undertakings which were asked on 23rd December, 1977, to furnish information to the Public Undertakings Committee on various aspects of the working of public undertakings by 22nd January, 1978, only 100 undertakings furnished information upto 20th March, 1978. As many as 72 public undertakings have not furnished information even after about three months of the calling of the information. The Committee see no valid reasons why the requisite information could not be collected by these public undertakings so long. In their First Report on Extravagant and Infructuous Expenditure on Entertainment by Public Undertakings presented to Lok Sabha on 3rd April, 1978, the Committee have made the following observations in this regard:—</p> <p style="padding-left: 40px;">“The Committee considered that deliberate non-supply of information even after a period of three months amounts to withholding of information which is very vital for accountability of undertakings to Parliament. This may amount to a contempt of the Committee. This, in the opinion of the Committee, is reprehensible.”</p> <p>In this instance also, the Committee are positive that the intention is to withhold the information</p> |

(1)

(2)

(3)

sought for. In the opinion of this Committee this may also constitute a clear contempt of the Committee. The Committee seriously suspect that this information has been withheld because there is a lot to hide.

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The Committee are astonished to note that out of the 100 public undertakings from whom information has been received regarding the expenditure on Advertisement and Publicity, 92 undertakings have incurred an expenditure on Advertisement and Publicity to the tune of Rs. 963.48 lakhs during the few years of 1974-75, 1975-76 and 1976-77.

The Committee understand that there is an usual practice of giving a commission between 15 and 20 per cent to private Advertising Agencies. This may well work out to about Rs. 193 lakhs. The Committee are unable to probe as to how much of this amount and in which undertakings part of this amount found its way in the pockets of private individuals, since the study is only on the basis of written replies. The Committee is positive that there is serious scope for corruption and nepotism in this sphere of business.

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What is more shocking is the fact that 39 undertakings which have been incurring huge cumulative losses, or losses, during any of the years 1974-75 to 1976-77 have also incurred considerably expenditure on Advertisement and Publicity through privately owned associates bypassing Government agencies. The Committee are fully aware of the fact that many of the Public Undertakings do not require to publicise anything at all excepting statutory notices, etc. For example Bharat Aluminium Co. Ltd. with a cumulative loss of Rs. 1858 lakhs at the end of 1977 spent Rs. 6.96 lakhs on advertisement and publicity during 1976-77. Scooters India Ltd. with a cumulative loss of Rs. 638 lakhs till 1976-77 spent Rs. 5.37 lakhs on advertisement and publicity during 1976-77 Mining and Allied Machinery Corporation



| (1) | (2) | (3)   |
|-----|-----|---|
|     |     | <p>Ltd. with a cumulative loss of Rs. 3516 lakhs at the end of 1976-77 spent Rs. 9.39 lakhs on this account during the period 1974-75 to 1976-77. Cochin Shipyards Ltd. with a cumulative loss of Rs. 20.72 lakhs till 31st March, 1977 spent Rs. 4.28 lakhs during 1976-77. Central Inland Water Transport Corporation Ltd. with a cumulative loss of Rs. 3143 lakhs spent Rs. 1.31 lakhs during 1976-77. Bharat Gold Mines Ltd. with a cumulative loss of Rs. 767 lakhs spent Rs. 1.05 lakhs on this account during 1976-77. Jessop &amp; Co. Ltd. with a cumulative loss of Rs. 1247 lakhs as on 31st March, 1977 spent Rs. 1.02 lakhs during 1976-77. Bharat Heavy Plate &amp; Vessels Ltd. with a cumulative loss of Rs. 704 lakhs spent Rs. 6.05 lakhs on this account during the years 1974-75 to 1976-77.</p> |

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The Committee find from the analysis of the expenditure on advertisement and publicity that in 1974-75 as many as six undertakings, namely Life Insurance Corporation of India, Bharat Heavy Electricals Ltd., Hindustan Machine Tools Ltd., Hindustan Photo Films Manufacturing Co. Ltd., Indian Airlines and Madras Fertilizers Ltd. had spent more than an amount of Rs. 10 lakhs on advertisement and publicity alone and the total amount spent by them was Rs. 159.45 lakhs. The Committee are deeply concerned to observe that in 1975-77 though the number of undertakings which had spent more than Rs. 10 lakhs was the same *i.e.* six, namely, Bharat Heavy Electricals Ltd., Hindustan Machine Tools Ltd., Life Insurance Corporation of India, Hindustan Photo Films Manufacturing Co. Ltd., Engineers India Ltd. and the Electronics Corporation of India Ltd., the total amount spent by them increased by Rs. 24.08 lakhs to Rs. 183.53 lakhs. It is noteworthy that during 1976-77 the number of undertakings which have spent more than Rs. 10 lakhs increased to eight namely Bharat Heavy Electricals Ltd., Hindustan Machine Tools Ltd., Life Insurance Corporation of India, Hindustan Photo Films Manu-

| (1) | (2) | (3)  |
|-----|-----|--|
|     |     | facturing Co. Ltd., Indian Airlines, Electronics Corporation of India Ltd., Engineers India Ltd. and Garden Reach Shipbuilders and Engineers Ltd. and the total amount spent on advertisement and publicity by these undertakings shot up to Rs. 254.53 lakhs.   |
| 5   | 28  | <p>The Committee note with utter dismay that the amount spent on advertisement and publicity by three undertakings, viz., Bharat Heavy Electricals Ltd. Hindusthan Machine Tools and Hindusthan Photo Films Mfg. Co. Ltd. has not only been more than Rs. 10 lakhs continuously during each of the three years 1974-75, 1975-76 and 1976-77 but their expenditure has also shown upward trend over these years. The Bharat Heavy Electricals Ltd. have, in their written note submitted to the Committee, stated that "52 per cent of our products are in the competitive sector where BHEL has to compete with private sector parties for the market share." The Committee are unable to appreciate this argument inasmuch as Bharat Heavy Electricals Ltd. have already built up considerable stature and enjoys monopoly in the production of certain specified items for which they need not have to compete much with private sector parties. The Committee are under the impression that they have always enough orders to feed them and their customers do not go by advertisement in mass media and cheap brochures.</p> |
| 6   | 29  | <p>In so far as insurance business is concerned the Committee are at a loss to understand why the Life Insurance Corporation of India, which has got complete monopoly in this business, has incurred an expenditure which is as high as Rs. 70.66 lakhs during 1976-77. Although, the Committee feel that Life Insurance Corporation of India do require to advertise through different mass media, preferably through Government mass media, for reaching the prospective insurance yet they fail to understand why Life Insurance Corporation of India has not made use of</p>  |

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Radio and T.V. sufficiently. This creates strong suspicion of malpractice and the Committee disapproves it thoroughly. It is admitted fact that radio is much more effective as a mass media as compared to newspapers and other similar media. Out of Rs. 70.66 lakhs a trifling sum of Rs. 5.82 lakhs, has been spent by the Life Insurance Corporation of India on advertising through A.I.R. and T.V. The Life Insurance Corporation should only go for generic promotion. The Committee deplore this high rate of expenditure on advertisement and publicity by the Life Insurance Corporation through private sector advertising agencies and private mass media.

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In the same category comes the Indian Airlines whose total expenditure during 1976-77 amounted to Rs. 20.73 lakhs. The I.A.C. is required to publicise new routes and changes in time schedules. The Committee would like a fuller justification of the rationale of the extraordinarily high expenditure by this undertaking.

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to 33

The Committee note that out of the 100 undertakings, only 29 undertakings have used the agency of the Directorate of Advertising and Visual Publicity and their expenditure on advertisement and publicity through this agency during the three years 1974-75, 1975-76 and 1976-77 was about Rs. 14.12 lakhs, representing a trifling 1.4 per cent of the overall expenditure of Rs. 963.48 lakhs incurred on advertisement and publicity during the relevant period. This gives rise to serious suspicions. The Indian Airlines have stated that they use advertising consultants from the approved panel of the Directorate of Advertising and Visual Publicity. The Committee also note that only 7 undertakings, viz. (1) Bharat Heavy Electricals Ltd., (2) Hindustan Organic Chemicals Ltd., (3) Life Insurance Corporation of India, (4) Jute Corporation of India, (5) Cement Corporation of India, (6) Madras Fertilizers Ltd. and (7) Rehabilitation Industries Corporation Ltd. have used the

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|   |   | media of AIR TV for advertisement and publicity and the total amount spent by them during the three years was about Rs. 15.33 lakhs, i.e. 1.59 per cent only of the overall expenditure. |

It is also seen that major portion of the expenditure incurred by the undertakings on advertisement and publicity has been on payments made to private advertising agencies (which makes one very suspicious) and the expenditure on advertisements through DAVP and AIR|TV has been next to nothing.

The Committee would like to express their deep anguish about the tendency which is manifest among the public undertakings for favouring the private advertising agencies at the expenses of the governmental agency, viz., Directorate of Advertising and Visual Publicity. In this connection, the Committee would like to draw the attention of the Government to the recommendations made in their 47th Report (4th Lok Sabha) wherein they observed *inter alia* that all commercially non-competitive public undertakings should route their advertisements through the DAVP to get the benefit of the Concessional rates. The Committee had also stressed that the commercially competitive public undertakings should also as far as possible and practicable use the agency of DAVP for their advertisements.

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| 9 | 34     | The Public Accounts Committee had also in   |
|   | and 35 | their 173rd Report (1974-75) (Fifth Lok Sabha) made the following observations in this regard:— |

“Government have not shown any earnestness in implementing, in letter and spirit, the accepted recommendations of the Committee on Public Undertakings. In Broadcasting should have taken full advantage of the recommendations of the Committee on Public Undertakings and pursued with the administrative Ministries concerned and

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Public Undertakings in order to secure ever larger share of advertisements being routed through DAVP."

The Committee would require the Government to take concerted action to implement the recommendations of the Public Undertakings Committee and Public Accounts Committee made in their 47th Report (4th Lok Sabha) and 173rd Report (Fifth Lok Sabha), respectively.

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The Committee are perturbed to note that some of the public undertakings have been patronising particular firms of advertising agencies for reasons not difficult to understand. For example, the Hindustan Photo Films Mfg. Co. Ltd. releases advertisements through M/s. R. K. Swamy Advertising Associates (P) Ltd., Madras. The Committee feel that M/s. R. K. Swamy Advertising Associates are very influential and seem to have spread their tentacles in the appropriate quarters as this Company got special treatment from the Government in getting conditions of accreditation waived which was the subject matter of discussion by the P.A.C. in their 173rd Report (5th Lok Sabha). Other advertising agencies through whom advertisements are being given by some of the public undertakings are (1) M/s. New Fields Advertising Pvt. Ltd., New Delhi, (2) M/s. Jaisons Bombay, (3) M/s. Dacunha Associates (P) Ltd., Bombay, (4) M/s. Times, New York, (5) Rediffusion Advertising (P) Ltd., Madras and (6) M/s. Redeus Advertising Pvt. Ltd., Bombay. The Committee strongly deprecate the practice of farming out almost entire advertisements to particular advertising agencies only. The Committee are not aware as to how these private advertising agencies are selected by these public undertakings. They cannot lose sight of the fact that arbitrary selections are bound to generate corruption, nepotism and malpractices. The commission that is at present given to the private advertising firms is around 15

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per cent which amounts to payment of considerable sums of money to these advertising agencies.

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In their 47th Report (4th Lok Sabha), the Committee on Public Undertakings had recommended that certain broad guidelines and criteria for correlating the expenditure on publicity to the total sales/revenue etc. for specific groups of undertakings should be laid down after a detailed study by some specialized agency. The need for laying down such guidelines becomes all the more important in view of the fact that during the years 1974-75 to 1976-77, seven undertakings accounted for about 62 per cent of the total expenditure of Rs. 963.48 lakhs on advertisement and publicity by 100 undertakings.

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The Committee require that the public undertakings should mention in their annual reports the amount spent with explanatory notes and the extent to which they have implemented the Government's policies and instructions issued by the administrative Ministries in this regard. The administrative Ministries on their part should also keep a closer watch to ensure that Government's policies are followed by the undertakings in letter and in spirit.

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While the Committee note that the public undertakings are making handsome donations for purposes of relief for natural calamities such as the Andhra Cyclone, they disapprove of the practice of making donations to political parties for political purposes. For example, a sum of Rs. 10,000 was spent for advertising in souvenirs issued by A.I.C.C., Chandigarh in 1975 by the Bongaigaon Refinery and Petrochemicals Ltd. This is highly improper and illegal and responsibility should be fixed for taking action under advice to this Committee. The Ministry of Company Affairs should also be informed. Many other public undertakings have also spent on advertisements in souvenirs. Similar action should be taken against those Public Undertakings after enquiries without fail. The Committee also find

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that one or two undertakings have not specified the names of the parties to whom the donations have been given. The reasons are not difficult to understand. However the Committee require that requisite information should be furnished in details within a month of the presentation of the Report.

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The Committee deprecate contributions by National Textiles Corporation (M.P.) towards customary charity to Cloth Merchants Association. The Committee does not approve giving of donation by New India Assurance Co. and Garden Reach Shipbuilders and Engineers Ltd. These public undertakings have not given names of the parties to whom the donations were made and withheld this information deliberately.

15. 41 The Committee require the following to be ensured:

(1) That it will be obligatory on the Public Sector Undertakings to spend at least 30 per cent of their actual advertising and publicity Budget through Government owned mass media viz. All India Radio and Door Darshan. This should be gradually increased to 50 per cent within next three years.

(2) Their advertisements for newspapers should be routed through D.A.V.P. only.

Advertisements should be given to private agencies only in a very few instances (calling for a very exceptional treatment) and that too with the express approval of the Board of Directors.

(3) The ratio of annual expenditure on advertisement/publicity to the annual income of the undertaking should be clearly indicated.