

**AMENDED GUIDELINES FOR CIRCULATION CHECK/VERIFICATION
BY REGISTRAR OF NEWSPAPER FOR INDIA THROUGH RNI TEAM
ASSISTED BY CHARTERED ACCOUNTANT'S FIRMS**

I OBJECTIVE OF CIRCULATIONCHECK/VERIFICATION

The Registrar of Newspapers for India (RNI) receives circulation data from the publications in the prescribed annual returns which is filed by the publishers on yearly basis. This circulation data is used by various Government departments, including DAVP for deciding on allocation of government advertisements and by RNI for issue of eligibility certificate for import of newsprints etc. These returns/reports are certified by the auditors/Chartered Accountants of publishers.

RNI on request of the publisher or suo moto or on the receipt of complaints shall carry out the sample check/verification of the circulation data submitted by the publishers. The circulation check shall be done by the team of RNI/PIB/BOC officials nominated by the Press Registrar for this purpose along with certified panel of auditors (i.e. Chartered Accountants firms) who are either on the panel of ABC, CAG and RBI. The objective of the said circulation check/verification shall be to reconfirm the correctness and genuineness of the circulation data/figures submitted by the publications in their annual returns/report.

II SCOPE OF WORK

The scope of work to be followed by the RNI team and CA firms while verifying these returns is to ensure correctness and genuineness of the data furnished by publisher. This is outlined in brief as under. These are only suggestive guidelines and the RNI team shall have access to all the relevant data and records maintained by the publisher. The publisher shall extend full support to the team in their process of circulation verification. Further, the team shall maintain the confidentiality of the records and data and it should not be shared with any party/person.

A Standard Operating Procedure (SOP) shall be followed in all cases of circulation verification which is to be taken up on the request of the publishing house. The SOP will involve two stages. In the first stage, documents as per Annexure I will

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be submitted by the publisher along with a request letter addressed to Press Registrar (PR) for conducting the circulation verification check. The second stage will involve physical verification of the printing premises etc.

In case of circulation verification on the basis of complaints or otherwise, only the procedure for physical verification shall be followed, which will be in the nature of surprise check. However, during the process of check, the publisher is expected to cooperate with the visiting RNI team in terms of providing necessary documents and provide information which may extend to providing related documents which have been listed in Annexure I. This would include spot verification of premises too. In case the Press Registrar so desires that the documents are to be called for in the first instance, he may do so, if required, in any particular case.

The publisher should submit an application for circulation verification to the Press Registrar, RNI along with the following documents as per Annexure I –

1. Copy of Annual statement submitted to RNI
2. Copy of Bank account statements reflecting sale receipts and payments for 2 months
3. Copy of newsprint purchase bills for 2 months
4. Month wise newsprint purchase and consumption statement
5. Copies of Print Orders along with Machine Room Returns for the preceding one month
6. Printing machine details with printing schedule for the check period
7. Copy of Agent supply register for one month
8. Statement giving Wastage rate and Commission rate to agencies
9. Copy of month wise Sale proceeds for the check year
10. In case the printing press is not owned by the publisher, then a copy of the Agreement between the owner of the publishing house and the Printer to be given
11. Balance Sheet of the company, if the newspaper is owned by the company
12. Electricity Bills of the Company including the Printing Press for the preceding two months
13. Photocopy of PAN Card of publication/owner.

These documents have also been listed in **Annexure-I**.

In case all the documents are not submitted, the request for circulation verification will not be entertained.

Stage – I

After the necessary documents are received, there shall be initial scrutiny by RNI. If required, the Press Registrar may also send these documents to the CA for the purpose of preliminary check . The CA on receipt of the documents shall give his pre-check/preliminary report within 30 days of the receipt of the documents. Only after the satisfaction of the Press Registrar with initial scrutiny/preliminary report, the second stage of physical verification shall be carried out.

Stage - II

In the **second stage**, physical verification will be carried out at the earliest by the RNI team and the CA who are nominated by the Press Registrar under the exercise of the power 19 (i)of the PRB Act. Thereafter the final Report is to be submitted within 30 days conforming to the guidelines laid down by the RNI for this purpose. Circulation Verification Certificate will be issued for two years.

Physical verification will involve the following:

A. VERIFICATION OF PRINTING

- (i) The RNI team along with the CA expert shall visit the printing press of the publication to verify the actual printing at the press whether the printing press is owned by the publisher / subsidiary company or printing is being done at outside printing press. This should be verified with the Printer Publisher declaration under the PRB Act.
- ii) The printing capacity of the publisher(s) and/or the printing press of publication should be examined keeping in view the level of printing claimed by the publisher.

a) **Print Order (PO) / Daily Press Statement:**

The print order which contains the number of copies to be printed, city-wise edition etc for each day/ period shall be test verified by auditors. Further, the supporting document such as indent etc. based on which the print order is prepared by publisher shall be verified and any significant variation in the number of copies be enquired so as to establish the correctness of the print order based on which the number of copies printed are mentioned in the annual statement.

b) **Machine Room Return (MRR):**

The Machine Room Return/record which contains the details of the printing is to be maintained by the publisher.

The RNI team shall test verify the Machine Room Returns (MRR)/records and Print orders in original. (These must be signed by a responsible person of the publication).

c) The details given in the annual return should be in consonance with the daily print order and MRR maintained by the publisher.

d) Where a publication is printed from outside press not owned by the publisher, printer's bills showing number of copies printed and the rate proforma maintained by the publisher shall also be verified.

e) Where the printing press is an associate concern, or subsidiary company, printing records maintained by such printers shall be verified.

B. DISPATCH AND DISTRIBUTION OF PRINTED COPIES:

i) The actual dispatches of the printed copies shall be verified at the time of visit to the press with the dispatch challans, list of transporters etc. In cases where the copies are dispatched through road and where the copies are dispatched through railways, air and by post parcel etc., the

supporting proof for such dispatch shall be verified during the course of the verification procedure.

Further the reconciliation of the copies printed as per MRR/PO with the number of copies dispatched should be carried out for the day of the visit to the press and also for some of the earlier days based on the records available in the office of the publisher.

- ii) The distribution/sale of publication is to be physically verified by visiting the distribution centers where the copies are distributed/sold. On visit to the centre the copies dispatched from the press and received at the centre should be verified and actual distribution being made by the agents to the hawkers/sub-agents etc. are also to be verified. Any variation in copies sold or % of commission paid is to be reported. If any copies are sold for which no money is being received, the same may be enquired.
- iii) Where the copies are sold by the publisher through its sole/principal agent the distribution centre of the agents be visited and RNI team may verify the distribution record of such agent.

(Agents who are selling more than 10% of the total supply of the publisher subject to minimum of 15,000 copies per day should be considered as the principal/sole agent for this purpose)

C. NEWSPRINT CONSUMPTION:

- i) Receipt of Newsprint

The purchase/receipt of newsprint are to be verified with reference to invoice, list of transporters, delivery/dispatch documents, packing list, bank statement and correspondence of suppliers etc. If required direct confirmations from the newsprint suppliers may also be obtained by the RNI team.

- ii) In case a publication has been issued Eligibility Certificate for import of newsprint, the relevant vouchers/bills and receipts in original be verified and quantity purchased should be tallied with consumption.

- iii) Physical verification of newsprint stocks may be carried out to ensure its conformity with the records at the time of visit to publisher's office.
- iv) RNI Team is to verify the quantitative records of newsprint stock, receipt and issue etc. in respect of newsprint consumption and wastage to facilitate reconciliation of newsprint issued for printing and consumed.
- v) Verification of newsprint consumption is to be done with reference to Print Orders, Machine Room Returns, stock Register and/ or periodic newsprint consumption statements received from outside press and actual copies printed.

D. PRINTED COPIES SOLD THROUGH AGENTS/SUBSCRIBERS:

Printed Copies sold through agents/ subscribers should be verified with the following:-

- i) The sale to agents should be verified with the agent's bills/ sale register, railway/ road/ air / posted delivery book etc.
- ii) The unsold copies received from the agents are to be verified with the credit notes issued by the publisher. Further, the accounts of the agents are to be received to ascertain the cases of unsold copies as these shall not be included in sold copies column.
- iii) Copies sold through subscriptions are to be verified with the subscribers register, postage book and delivery book etc. The records should be maintained in such a manner that the subscriber-wise and dispatch details thereof is verified.
- iv) In the return submitted to 'RNI' by publisher the average number of copies 'sold' per publishing day is to be clearly stated. The sold copies here shall imply those copies for which the payment has been received within a period of two months. In case the payment is not received from agent within 2 months the copies equivalent thereto shall be reduced from sold copies. However, the publisher can take the benefit of such copies deducted in the next period when actual payment is received from agent. Further the concept of Net Paid

Sales as formulated by Audit Bureau of Circulation shall be applied to sold copies figures being submitted by the publisher. Copies distributed 'free' though will be noted, it shall not be considered for circulation verification figure.

- v) The billing of the copies of the agents is normally carried out at the net amount after deduction of commission. The billing is to be verified to ascertain the cases where the commission being allowed appears to be unreasonable and which loses the significance of paid copies. The copies sold in excess of 40% commission shall not be included in sold copies.

This will be excluding the transport, handling charges and other allowances with a maximum of 10 per cent of the cover price.

- vi) In case of copies being sold through subscription and other combo offers or by giving incentives, the publisher must be able to recover at least 25% of the cover cost, otherwise all such copies will be deemed as non qualifying sales. The value of the incentive cannot exceed 35% of the cover price of the publication on which the incentive has been offered.

E. OTHER FINANCIAL RECORDS:

Financial and other records connected with printing, distribution and sale etc. of the publication will be reviewed by the Team.

F) CHECK LIST FOR RNITEAM

RNI Team will follow the check list as per **Annexure – II**. These parameters are indicative and not exhaustive. As per the ground requirement, the team can look into additional factors

G) REPORT/ CONCLUSION:

Based on the verification of printing, and self declaration along with distribution and circulation records of the publication as detailed above the RNI team shall draw a conclusion keeping in view the materiality of observation, whether the circulation figures as reported in the returns submitted by the publishers to RNI are correct or not. Wherever variations or inconsistency is observed with respect to printing, distribution and circulation etc, the RNI team shall carry out adjustment in the circulation figures based on the assessment vis-à-vis as reported by publishers in their returns. The report shall be submitted as per **Annexure–III**.

In case of verification check /spot verification on the basis of complaints or otherwise, the findings can be given by the RNI team as per **Annexure –IV**.

**GOVERNMENT OF INDIA
OFFICE OF THE REGISTRAR OF NEWSPAPER FOR INDIA
(Ministry of Information & Broadcasting)
West Block-8, Wing No. 2, R.K. Puram, New Delhi – 110066**

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Check List for documents to be submitted along with request for circulation verification by the publication

1. Copy of Annual statement submitted to RNI
2. Copy of Bank account statements reflecting sale receipts and payments for 2 months
3. Copy of newsprint purchase bills for 2 months
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