

ALL PUBLISHER MEMBERS

(cc: Approved & Bureau Auditors)

NOTIFICATION NO. 719

"Subscription Sales"

Reference is invited to Bureau's Notifications No.668 dt. 29th May 1999 and 707 dated 22nd January 2002 respectively on the subject of treatment of subscription sales and Net Paid Sales.

PART A

Bureau's Council of Management at its recent meeting reviewed the guidelines issued earlier for subscription sales and incentives viz. gifts/samples etc. offered to subscribers with the subscription offers. Council was generally of the view that subscription copies should not be offered at a throw-away price to a subscriber under any subscription scheme and accordingly decided to issue undermentioned guidelines in respect of subscription sales which would qualify for certification as Net Paid Sales. The under mentioned guidelines would be effective **from 1st January 2004**.

- Prescribed Subscription rate should atleast be 50% of the published price for the relevant period during which a reader can obtain a copy at any given place other than through subscription.

Publisher members, if they so desire, may classify subscribers under different categories and prescribe differential subscription rates for them subject to 50% limit of the published price as above. The overall benefit of subsidised subscription rate, together with all types of incentives viz. samples/gifts/inducement etc. taken together should not exceed 50% of the published price of a publication for the relevant period. Value of any incentive viz. gifts/samples etc. subsequently offered during the currency of subscription term shall also be reckoned within the 50% limit irrespective of whether it was initially announced/publicised or not.

- Publisher members are required to declare/publish subscription rates as prescribed by them for different terms and categories. Copies supplied to subscribers will qualify for inclusion as Net Paid Circulation provided subscription for the relevant term is paid at full published/declared rates in advance.
- Copies available on news-stand and/or through agents etc. and to all subscribers should be similar in contents.
- Valuation of any incentive viz. gifts/samples etc would be on the basis of Maximum Retail Price (MRP) or Cost of production/acquisition plus 20% of such cost as applicable.
- Subscription offers apart from mentioning the period of subscription should also specify the number of issues which would be given during the subscription period. Further, a subscription offer must also state the value of a product viz gifts/sample/inducement etc offered as an incentive to a subscriber, calculated as under. The value so arrived would be reckoned for 50% limit as aforesaid.

Valuation of incentives viz gift / sample / inducement etc. offered to a subscriber:

- If a product has a published MRP, then the same may be reckoned.
- In case of a customised product offered as an incentive, the same will be valued at cost to the publisher (cost at which the product has been acquired by the publisher) plus 20% thereon.
- In case a product acquired is similar to a branded product available in the market, then its perceived value to a subscriber should be reckoned/calculated at the MRP of the relevant branded product available in the market.

The above guidelines for valuation would also apply in case of all barter arrangements.

All existing subscription schemes not in line with the above guidelines will be permitted to continue only upto 31st December 2003 for the purpose of reckoning Net Paid Sales.

PART B

The present guidelines pertaining to subscription sales which are required to be followed by all publisher members in case of subscription sales are listed below:

- To maintain subscription register together with details of subscribers name, date of commencement, period and amount of subscription received etc.
- Subscription enrolment forms for both new as well as renewal subscription duly completed in all respects by a subscriber are required to be maintained by publishers and make them available for auditor's verification.
- Maintain record of money received on account of subscription. In case of subscription booked and received thru agents, subscription forms and subscription amount should be deposited with the publisher.
- Subscription at full prescribed subscription rate should be received in advance. In case of booked subscription, payment thereof to be received within a period of two months from the date of booking. Subscriptions booked but remaining unpaid for a period exceeding two months shall not qualify as Net Paid Sales from the date of booking the subscription.
- Commission to agents for subscriptions booked by them should not exceed the threshold limit as prescribed from time to time based on the subscription price and not on the normal published price of a publication.

Secretary General

