

AUDIT BUREAU OF CIRCULATIONS

March 28, 2003

To **ALL PUBLISHER MEMBERS**

(CC: Bureau.s approved and recheck auditors)

NOTIFICATION NO. 717

Treatment of gifts and free samples on Newsstand Sales and Providing free calendar/almanac to readers

We invite your reference to the provisions of Bureau.s Notifications No. 680, 691 & 705 respectively relating to treatment of gifts/free samples etc on news-stand sales (Newstand sales covers the entire gamut of distribution of copies excluding subscription sales) and providing free calendar/almanac to readers.

Notifications No. 680 & 691:

2. Bureau.s present rules provide for a ceiling of 50% of the cover price of a publication upto which gifts/premium/incentive/samples etc. could be offered by a publisher with a publication on newsstand sales so that such sales qualify as Net paid Sales. In view of this ceiling, all copies of a publication for any issue which are sold on newsstand carrying gift/premium/incentive/samples etc., value of which is more than 50% of the cover price, then **all copies** for the relevant issue do not qualify for certification as net Paid Sales.

The above provision was considered by Bureau.s Council of Management at its recent meeting. It was felt that whilst carrying a sample of an advertiser or a gift with a particular issue, if circulation of the relevant issue does not increase, then the sampling exercise or a gift may not be considered as an inducement to the reader to boost circulation. Considering the above view point, Council decided that **excess circulation**, if any, obtained for the relevant issue when value of gift/sample etc. provided alongwith a publication was more than 50% of the cover price of a publication would not be considered as Net Paid Circulation.

Notification No. 705:

3. Bureau's Council of Management also re-examined the conditions laid down in the above notification for exempting one time issue of free calendar/almanac in a year alongwith a publication. For the reason that **excess circulation** for the relevant issue when a calendar/almanac was distributed free to readers was not considered whilst arriving at Net Paid Sales. Council considered it appropriate to withdraw the condition of "**no prior publicity**" under para 4(i) of the said Notification.

4. In order to determine **excess circulation** achieved for a particular issue when a free sample, gift etc. was carried alongwith a publication, following procedure needs to be followed:

- (a) In case of dailies, average Net Paid Sales of the previous week to be taken as normal circulation provided there were no promotional activities*, in any form, during the given period.
- (b) In case of Sunday issue of a daily, weeklies and magazines, average Net Paid Sales of previous four issues where there were no promotional activities*, in any form, would be reckoned as normal circulation.

[*Promotional activity includes free distribution of gifts/samples,calendars etc. to readers and shall also include any other schemes to induce a reader to purchase a publication]

5. Publishing Day on which free samples/gifts are distributed alongwith a publication would be reckoned for calculation of average circulation in all cases.

Subject to the above amendments, other provisions contained in Notifications No. 680, 691 and 705 respectively continue to be in operation.

The above amendments will come into effect from **1st April 2003**.

Secretary General

