

## **National Herald Narrative**

### **History of INC & AJL Ties**

National Herald was a newspaper started by Pandit Jawaharlal Nehru and the leaders of the independence struggle in 1937 to give voice to the freedom movement in the country. It was banned by the British from 1942 to 1945, which Mahatma Gandhi described as “a tragedy for the National Movement.” In addition to Pandit Nehru, freedom fighters like Purshottam Das Tandon, Acharya Narendra Dev, and India’s first Minister for Communications Rafi Ahmad Kidwai were among the first subscribers and signatories to the Memorandum of Association of The Associated Journals Limited (AJL) – the company that published National Herald and later Quami Awaaz & Navjeevan.

However, the AJL was in poor financial health from its early days. This was evident from Pandit Nehru’s statement that “I will not let the National Herald close down even if I have to sell Anand Bhawan.” Over the years, the company often did not have enough money to pay the salaries of its employees, or pay its taxes and other dues. Therefore, from time to time, whenever asked, the Congress Party would extend a loan by cheque, to help AJL tide over its immediate financial crisis.

The Congress Party supported AJL over these years because it believed that National Herald, a part of the rich and vibrant legacy of the freedom struggle, had to be preserved. The Congress Party and AJL were also inextricably linked to one another since the founding of AJL in 1937. The Memorandum of Association of AJL states in Object “(t)”: “The policy of any newspaper, periodical, magazine or journal issued by the Company shall generally be in accordance with the policy and principles of the Indian National Congress.” Therefore supporting AJL fulfilled the political object and purpose of the Congress Party.

### **Glory of National Herald**

Some of the leading lights of journalism in India served as Editors of the National Herald from time to time, including K. Rama Rao, jailed in 1942 for his editorial “Jail or Jungle”, a member of the first Parliament of India and christened by Atal Bihari Vajpayee as “the *Dronacharya* of Indian journalism”, M. Chalapathi Rau the legendary Editor who helmed NH for over 30 years, and was part of the underground press movement during the freedom struggle and later author-journalist Khushwant Singh. Also some of the prominent contributors to the National Herald occasionally included Maulana Azad, Sardar Patel, and Khan Abdul Ghaffar Khan.

### **Continuing Financial Distress of AJL**

Despite the editorial excellence of the paper the financial and business management of AJL continued to be poor. AJL continued to bleed financially and ran into losses year after year. Over approximately a decade, AJL received multiple loans adding up to Rs 90 crore from the Congress Party. A time came when AJL could not pay the salaries of its employees at the end of the month. In the financial year ending March 2008 it booked a loss of approximately Rs 6 crores. This was followed by more losses, approximately Rs 34 crore in 2008-09 and Rs 2 crore in 2009-10. No bank would sanction AJL a loan because of the Rs 90 crore debt on its balance sheet. Finally, the financial burden could no longer be borne by the AJL itself or by its benefactor the Congress Party.

### **Young Indian, a Section 25 Company is Formed to Revive AJL**

It became clear that a revival plan was needed or else the company may have to close down. The Congress Party, conscious of Jawaharlal Nehru's commitment to the National Herald, consulted some of the most eminent experts in the country on a revival plan. Their considered advice was to form a Section 25 not-for-profit company, Young Indian. Further, in order to bail out AJL and free it from the burden of its backbreaking debt burden of Rs. 90 crore, this loan could be assigned to the not-for-profit company by the Congress Party. Thereafter, with the consent of AJL's shareholders this debt could be extinguished by issuing new equity to Young Indian, the not-for-profit company. In doing so the Congress Party would rescue and revive Nehruji's paper, AJL would come out of its financial distress and all of this would be achieved through a not-for-profit entity much like a Trust or Society, without even the possibility of any personal benefit. Conversion of debt into equity is a normal business practice to restore financial health of companies that are over burdened with debt.

The advice of the experts was approved unanimously by all the shareholders of AJL, present and voting in the EGM on 21<sup>st</sup> January 2011. The loan of 90 crores was removed from AJL's books in perpetuity in February 2011. As a result, for the first time in decades the net worth of AJL became positive and the company took its first steps on the path to recovery. AJL was able to declare its first profit in several years in 2011-12 and came into the black from the red, with the major shareholder now being Young Indian, a not-for-profit company. Making a not-for-profit company as the major shareholder ensured that no shareholder or director could receive any benefit from the properties or income of AJL.

Meanwhile AJL, now able to borrow money for the first time in years, renovated its Delhi building. Old tenants, paying nominal below market rents gradually vacated the space. A new tenant at a market rate came to occupy a portion of the building. The rental incomes of the company enabled it to service and pay interest on the new bank debt. And the new bank debt, opened avenues for the company to undertake the long and arduous process of constructing buildings on its vacant leased land. In the coming years as the process of constructing the buildings concludes and new avenues of income accrue to AJL, the profits so made by the company will fund the prohibitively expensive endeavour of re-launching the National Herald in the extremely crowded Indian newspaper market.

### **BJP's Politically Motivated Attacks**

However, since 2012 Mr. Subramanian Swamy and the BJP have launched a false, politically motivated, and vicious campaign to attack the Congress Party and its leadership and destroy the National Herald. In addition to the criminal litigation initiated by Mr. Swamy, the AJL & YI have been subjected to a witch-hunt by the Enforcement Directorate. Notably in August 2015 the Enforcement Directorate had closed the National Herald case because there was no evidence of any wrongdoing. But the then Director of the Enforcement Directorate was sacked and just a month later in September 2015 the case was reopened. Senior BJP leaders, including the Finance Minister, no less, have shown undue interest in this case and made frequent and partisan public pronouncements in the media – a clear attempt to influence public opinion and tarnish the reputation of the Congress Party and its leadership on a false pretext.