

Government of India
Ministry of Commerce & Industry
Department of Industrial Policy & Promotion
SIA (FC Division)

PRESS NOTE NO. 4 (2002 SERIES)

Subject: Revision of existing sectoral guidelines for FDI, including investment by non-resident Indians and overseas corporate bodies

Press Note 2 (2000 series) dated the 11th February, 2000 enclosing the sector specific guidelines for Foreign Direct Investment (FDI), *inter alia* includes the following provisions for the **Advertising and Film sectors**:

Automatic approval is available for the following:

- Up to 74% FDI in Advertising sector.
- Up to 100% FDI in Film industry (i.e., film financing, production, distribution, exhibition, marketing and associated activities relating to film industry subject to the following:
 - I. Companies with an established track record in films, TV, music, finance, and insurance would be permitted.
 - II. The company should have a minimum paid up capital of US\$ 10 million if it is the single largest equity shareholder and at least US\$ 5 million in other cases.
 - III. Minimum level of foreign equity investment would be US\$ 2.5 million for the single largest equity shareholder and US\$ 1 million in other cases
 - IV. Debt equity ratio of not more than 1:1 i.e. domestic borrowings shall not exceed equity
 - V. Provisions of dividend balancing would apply.

2. With a view to further liberalizing the FDI regime, the Government have permitted FDI up to 100% on the automatic route in the advertising sector. FDI up to 100% in the film sector, which is already on the automatic route, will not be subject to the conditions indicated at I to V above.

3. The provisions of Press Note No. 2 of 2000 series stand modified to the above extent.

(M. S. SRINIVASAN)

Joint Secretary to the Government of India