

**GOVERNMENT OF INDIA
INFORMATION AND BROADCASTING
LOK SABHA**

UNSTARRED QUESTION NO:816

ANSWERED ON:28.07.2005

FDI IN PRINT MEDIA

Ahir Shri Hansraj Gangaram;Joshi Shri Pralhad Venkatesh;Nayak Shri Ananta;Satpathy Shri Tathagata;Singh Shri Dushyant

Will the Minister of INFORMATION AND BROADCASTING be pleased to state:

- (a) whether the Government has allowed foreign direct investment in the print media;
- (b) if so, the details thereof;
- (c) its affect on the print media;
- (d) whether the employees of print media organisations are opposing the foreign direct investment;
- (e) if so, the main points of their opposition; and
- (f) the reaction of the Government thereto?

Answer

THE MINISTER OF INFORMATION & BROADCASTING AND CULTURE (SHRI S. JAIPAL REDDY)

(a) Yes, Sir.

(b) The detailed guidelines issued by this Ministry for the news and current affairs segment and non-news and non-current affairs segment are annexed.

(c) The decision to allow FDI in print media has been taken with a view to, inter alia, bring in greater diversity among newspapers and periodicals, bring national dailies to international standards and provide more economical and easier access to foreign scientific, technical and speciality magazines, journals and periodicals. The guidelines relating to FDI in news and current affairs segment have been revised on 13th July 2005 enlarging the investor category to include Non Resident Indians/Persons of Indian Origin and portfolio investments by recognized Foreign Institutional Investors as also to allow facsimile editions of foreign newspapers in India, it is too early to gauge its impact.

(d) to (f): No such representations have been received.

ANNEXURE REFERRED TO IN REPLY TO PART (b) OF THE LOK SABHA UNSTARRED QUESTION NO.816 FOR REPLY ON 28.07.2005

MINISTRY OF INFORMATION & BROADCASTING

GUIDELINES FOR

(i) PUBLICATION OF NEWSPAPERS AND PERIODICALS DEALING WITH NEWS AND CURRENT AFFAIRS.

(ii) PUBLICATION OF FACSIMILE EDITIONS OF FOREIGN NEWSPAPERS.

New Delhi,
Dated 13th July 2005.
PREAMBLE

In supersession of the previous guidelines issued by this Ministry vide Press Note dated 21st November 2002 and in partial modification of the Press Note dated 5th July 2005, the Union Government have decided to allow, with immediate effect:

(i) Foreign Direct Investment (which includes foreign direct investments by NRIs, PIOs) and portfolio investments by recognized FIs, together up to a ceiling of 26% of paid up equity capital, in Indian entities publishing newspapers and periodicals dealing with news and current affairs. Such investment would be permissible by foreign entities having sound credentials and international standing, subject to certain conditions.

(ii) Facsimile editions, in whole or in part(s), of foreign newspapers, by Indian entities, with or without foreign investment, and also by foreign companies owning the original newspaper, provided they get incorporated and registered in India under the Companies Act, 1956.

The following guidelines are hereby prescribed:

1. Application

(i) Nine copies of the prescribed application form, duly filled in, along with the requisite documents shall be submitted to the Ministry of I&B.

(ii) Application fee of Rs.5000/- will have to be submitted through demand draft made in favour of Pay & Accounts Officer, Ministry of Information and Broadcasting, payable at New Delhi.

2. Title of the Publication

Title verification shall continue to be done by the Press Registrar as per existing procedure, including for facsimile editions.

3. Eligibility Criteria

A. Foreign Investment in Indian entities publishing newspapers and periodicals dealing with news and current affairs:

(i) Foreign Investment will be allowed only where the resultant entity (hereinafter called "New Entity") is a company registered with the Registrar of Companies under the provisions of the Companies Act, 1956.

(ii) Foreign Investment including FDI by foreign entities, NRIs, PIOs etc and portfolio investments by recognized FIs, will be allowed up to a maximum of 26% of paid-up equity of the New Entity.

(iii) Permission will be granted only in cases where equity held by the largest Indian shareholder is at least 51% of the paid up equity, excluding the equity held by Public Sector Banks and Public Financial Institutions as defined in Section 4A of the Companies Act, 1956, in the New Entity. The term largest Indian shareholder used in this clause will include any or a combination of the following:

(1) In the case of an individual shareholder,

- a) The individual shareholder
- b) A relative of the shareholder within the meaning of section 6 of the Companies Act, 1956
- c) A company/group of companies in which the individual shareholder/HUF to which he belongs, has management and controlling interest

(2) In the case of an Indian company,

- a) The Indian company
- b) A group of Indian companies under the same management and ownership control.

Provided that in case of a combination of all or any of the entities mentioned in sub-clause (1) and (2) above, each of the parties shall have entered into a legally binding agreement to act as a single unit in managing the matters of the New Entity.

(iv) While calculating the 26% foreign investment in the equity of the New Entity, the foreign holding component, if any, in the equity of the Indian shareholder companies of the New Entity will be duly reckoned on pro rata basis so as to arrive at the total foreign holding in the New Entity.

(v) At least 50% of the foreign direct investment will have to be inducted by issue of fresh equity. The balance, viz. upto 50% of the foreign direct investment, may be inducted through transfer of existing equity.

(vi) Permission would be conditional on at least 3/4th of the Directors on the Board of Directors of the New Entity and all key executives and editorial staff being resident Indians.

B. Facsimile Editions of foreign newspapers :

(i) Any Indian entity, with or without foreign investment, desirous of publishing a facsimile edition of a foreign newspaper, or any foreign company owning the original foreign newspaper will be permitted to publish the facsimile edition of its newspaper, in whole or in part(s), provided

(a) It is incorporated and registered as a company with the Registrar of Companies under the provisions of the Companies Act, 1956.

(b) It has a commercial presence in India with its principal place of business in India.

(c) That at least 3/4th of the Directors on the Board of Directors of the New Entity and all key executives and editorial staff are resident Indians.

(ii) Any entity publishing a facsimile edition of a foreign newspaper in India shall be subject to all the relevant laws and guidelines applicable to Indian newspapers and their publishers.

4. Basic Conditions/Obligations:

(i) Subject to the ceiling prescribed, it will be obligatory on the part of the all Entities to inform Ministry of Information & Broadcasting about any alteration in the foreign shareholding pattern as on 31st March of every year and within 15 days of the end of the financial year.

(ii) It will be obligatory on the part of the all entities to take prior permission from the Ministry of Information & Broadcasting before effecting any changes in the shareholding of the largest Indian shareholder indicated in clause 3A

(iii) above.

(iii) All entities shall inform Ministry of Information & Broadcasting within 15 days of effecting any change in the composition of its Board of Directors or key executives and editorial staff. Such a change would be subject to post-facto approval of the Ministry of Information & Broadcasting.

(iv) All entities shall obtain prior clearance of the Ministry of Information & Broadcasting of any foreigners/NRIs proposed to be employed/engaged in the New Entity either as consultants (or in any other capacity) for more than 60 days in a year, or, as regular employees.

(v) Facsimile editions shall be permitted subject to the following conditions:

- a) The original foreign newspaper, whose facsimile edition is proposed to be brought out in India, is being published with the approval of the regulatory authority of the country of origin and is a standard publication in that country and is not specially designed for Indian readers.
- b) The facsimile edition shall not carry any advertisements aimed at Indian readers in any form.

- c) The facsimile edition shall not carry any locally generated content/India specific content, which is not simultaneously published in the original edition of foreign newspaper.
- d) Prior permission from Ministry of I&B is obtained for publication of facsimile editions and the title got registered with the Registrar of Newspapers for India (RNI).
- e) The publication shall clearly indicate that it is a facsimile edition, in whole or in part(s), and shall prominently carry the masthead, the editorial page and the place of publication of the original foreign newspaper.

5. Processing of Applications

- (i) All new applications for foreign investments in Indian entities publishing newspapers and periodicals dealing with news and current affairs and proposals for publishing of facsimile editions of foreign newspapers, shall be processed and decided upon in the Ministry of Information & Broadcasting on the basis of inter-ministerial consultation with the Ministry of Home Affairs and other ministries, as may be required.
- (ii) The applicant entity shall make full disclosure, at the time of application, of Shareholders' Agreements and Loan Agreements that are finalized or proposed to be entered into. Any subsequent change in these shall be disclosed to the Ministry of Information & Broadcasting within fifteen days of such a change.
- (iii) The applicant entity shall frame its Articles/Memorandum of Association to ensure compliance with the prescribed eligibility criteria.
- (iv) All entities shall obtain prior clearance from the Ministry of Information & Broadcasting of all persons not being resident Indians who are proposed to be inducted in the Board of Directors of the New Entity.
- (v) All applications for publishing facsimile editions shall clearly indicate whether the facsimile edition is to be published in whole or in part. In case only a part of the original foreign newspaper is proposed to be published, each page shall be treated as one part, and the exact page numbers of the original foreign newspaper to be published, shall be clearly indicated.

GUIDELINES FOR

- (i) PUBLICATION OF INDIAN EDITIONS OF FOREIGN TECHNICAL/SCIENTIFIC/SPECIALITY MAGAZINES/JOURNALS/PERIODICALS; AND
- (ii) FOREIGN INVESTMENT IN INDIAN ENTITIES PUBLISHING SCIENTIFIC/TECHNICAL/SPECIALITY MAGAZINES/JOURNALS/PERIODICALS

PREAMBLE

The Union Government has decided to allow:

- (i) publication of Indian editions of foreign scientific, technical and speciality magazines/periodicals/journals; and
- (ii) foreign investment upto 100% in Indian entities publishing scientific/technical and speciality magazines/periodicals/ journals.

1. Application

- (i) An application shall be made to the Ministry of Information & Broadcasting in the prescribed format to determine the nature of contents of the publication

(ii) Application fee of Rs. 5000/- (Rupees Five thousand only) shall have to be deposited through a Demand Draft in favour of the Pay & Accounts Officer, Ministry of Information & Broadcasting, payable at New Delhi.

2. Processing

(i) The application shall be processed by the Ministry of I&B, after due inter-Ministerial consultations, to decide whether the proposed publication is covered under the category of scientific, technical or speciality magazine/periodical/journal. Representatives of the concerned Ministries/specialist bodies and language experts, as found necessary will be associated in this task. In appropriate cases, the Ministry of I&B will issue:

- a) An approval, subject to compliance with the provisions of the Press and Registration of Books Act and Rules made thereunder for publication of the foreign journal; or
- b) A No Objection Certificate (NOC) for foreign investment, a copy of which would be sent to RNI/SIA/RBI and the applicant.

(ii) Determination of category assigned to the publication(s) is liable for review by the Ministry of I&B if the contents of the publication(s) undergo change at a later date.

(iii) a) In cases where both FDI and FII investment is envisaged, the applicant may approach the FIPB/RBI for clearance after obtaining the No Objection Certificate from the Ministry of I&B.

- b) In cases involving only portfolio investment, the applicant may approach the Reserve Bank of India, for further clearance, if any, after obtaining the No Objection Certificate from the Ministry of I&B.
- c) The Ministry of I&B will keep the Secretariat for Industrial Assistance and the Reserve Bank of India informed of the FDI projected by the Company and the balance permissible foreign investment on the portfolio investment route, while communicating the No Objection.

3. Title of the Publication

Title verification shall continue to be done by the Press Registrar as per existing procedure.

4. Foreign Investment

(i) Total foreign investment upto 100% may be allowed. Guidelines of the Ministry of Finance on FDI and portfolio investment would apply.

(ii) All cases involving Foreign Investment shall be handled by the prescribed agencies, viz. FDI on the government approval route through the mechanism of the FIPB and portfolio investment by the RBI.