

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

UNSTARRED QUESTION NO:206
ANSWERED ON:23.02.2010
INVESTMENT IN FILM INDUSTRY
Gandhi Shri Feroze Varun

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

- (a) whether the Government proposes to encourage investment in film industry;
- (b) if so, the details thereof;
- (c) whether the Union Government has urged the State Governments to reduce entertainment tax and standardized the tax system/regime so as to encourage investment in infrastructure;
- (d) the follow-up action taken thereon; and
- (e) the other steps taken by the Government to promote film industry of the country? ANSWER

Answer

MINISTER OF THE STATE IN THE MINISTRY OF INFORMATION AND BROADCASTING (DR. S. JAGATHRAKSHAKAN)

(a) & (b): The Film Industry is in the private sector and the role of the Government is limited to acting as a facilitator and catalyst. With a view to encouraging investment in the film sector, the same has been given the status of an industry so as to attract institutional finance. Further, 100% FDI has been permitted in the film sector through the automatic route.

(c) & (d): Over the last few years, the Union Government has been urging the State Governments to reduce their entertainment tax rates. As a result, the national average of entertainment tax rates has fallen from 70% in 2002 to about 40-50% now. The Union Government has further requested the State Governments to reduce the rates to 25-30%. The Minister of Information & Public Relations, Government of Andhra Pradesh has been requested by the Minister of Information and Broadcasting to consult her counterparts from other State Governments and suggest concrete measures towards subsuming the Entertainment Tax within the proposed Goods and Service Tax (GST) or to at least have a uniform rate of Entertainment Tax across all States and Union Territories.

(e): Other steps taken by the Government to promote film industry include grant of status of 'Project Imports' to imports of digital cinema equipments attracting concessional customs duty of 5%, grant of exemption from service tax to digital cinema operators and distributors in relation to delivery of content of cinematographic film in digital form to cinema theatres for exhibition of such films and financing of film production activity by IDBI and RBI through banks. The Government also provides plan assistance to film makers in various regional languages through National Film Development Corporation (NFDC) so as to preserve multi-lingual diversity of Indian cinema and promote new talent. NFDC provides full assistance to first time directors of a film and also enters into co-productions with private entities.