

## iCe Hotline

June 17, 2005

### REJUVENATED PRINT MEDIA POLICY?

The Government of India ("GoI") vide a cabinet decision on June 16, 2005 ("**Cabinet Decision**"), has decided to permit investments by non-resident Indians/Persons of Indian Origin ("**PIOs**") and portfolio investments by recognized Foreign Institutional ("**FIIs**") in news and current affairs publications, in addition to foreign direct investment ("**FDI**"). However, the aggregate sectoral cap on foreign investment in a news venture in print medium will remain at 26 percent.

In 2002, the GoI lifted an antiquated ban on foreign investment in the print media sector by permitting foreign investment upto 26 percent of paid up equity capital, in the form of FDI only, in Indian entities publishing newspapers and periodicals dealing with news and current affairs and upto 74 percent in non-news titles.

Earlier this month, the Ministry of Information and Broadcasting ("**MIB**") completely liberalized the non-news category by enhancing the foreign investment cap from 74 percent to 100 percent in the case of Indian entities publishing scientific/ technical/specialty magazines / periodicals/ journals. The MIB declared that in cases where both FDI and FII investment is envisaged, the foreign investor required FIPB clearance (for FDI) / RBI clearance (for portfolio investments), after obtaining an No Objection Certificate ("**NOC**") from the MIB and in cases involving only portfolio investment, the foreign investor required only RBI clearance, if any, after obtaining NOC from the MIB.

The Cabinet Decision has also permitted publication of facsimile edition of foreign newspapers subject to prior permission from the MIB. A facsimile edition of a foreign newspaper may now be brought out by an Indian entity, with or without FDI, as also by foreign companies owning the original newspaper provided they get incorporated and registered in India under the Companies Act, 1956 subject to suitable safeguards to ensure that they comply with the Indian laws. Any such facsimile edition is to be brought out with the approval of the regulatory authority of the country of origin and must be a standard publication in that country and must not be specially designed for Indian readers. These newspapers will not be allowed access to Indian content or advertisements. The Cabinet Decision emphasized the GoI stand that Indian editions of foreign newspapers are not permitted.

The Cabinet Decision also indicated a proposed increase in the syndication limit, as prescribed under the current MIB Guidelines for Syndication Arrangements by Newspapers for procuring content from foreign publications, from 7.5 percent to 20 percent of the total printed area under the automatic route. Cases above the 20 per cent limit are to be considered in the MIB on a case-by-case basis.

The Union Minister (Information & Broadcasting), Mr. Jaipal Reddy, indicated that suitable amendments to the Press Registration of Books Act will be required in order to implement these proposed changes.

Although the widening of scope of investments is a step in the right direction, the Cabinet Decision merely whets the appetite of foreign investors eagerly awaiting inroads into the lucrative Indian news publication business without actually enhancing the foreign investment limit.

Source: *Press Information Bureau*

You can direct your queries or comments to [Kishore Joshi](#) and [Roshan Thomas](#)

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