

**GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:6795
ANSWERED ON:09.05.2003
LENDING NORMS FOR FILM PROJECTS
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Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

- (a) whether Industrial Development Bank of India has relaxed lending norms for film projects;
- (b) if so, the details of the norms relaxed; (
- (c) whether all other banks have also begun to lending to film projects on consortium-lending route;
- (d) if so, the details in this regard; and
- (e) the extent to which this will check the film industry for utilizing the funds of underworld?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO V. ADSUL)

(a) : Yes, Sir.

(b): The Industrial Development Bank of India has relaxed some norms of lending to film projects as under :

(i) Waiver of profit sharing condition Initially, IDBI film financing scheme decided to share the overflow that accrues to the producer from the distributor in case the movie generates revenues in excess of Minimum guarantee after the distributor has recouped his commission and publicity print expenses. The condition of sharing the `overflow ` now stands waived.

(ii) Relaxation in the Completion Bond Guarantee Insistence on Completion Bond is now limited to projects with budgets in excess of Rs.20 crore only.

(c): Some banks have begun lending to Film Projects.

(d): In accordance with the practices and usages customary amongst the banks and in conformity with provisions of statutes governing the financial institutions as also the provisions of the Public Financial Institutions (Obligations as to Fidelity and Secrecy) Act, 1983, the information in respect of the individual constituents of the Public Financial Institutions cannot be divulged.

(e): The schemes formulated by RBI/IDBI are expected to enable extension of institutionalized credit to the Film Industry. Further, against the prevailing high cost of funds from informal channels, the institutional credit to the industry is expected to reduce the cost of funds in film production activity. It will reduce the role of informal sources of finance including the underworld. The extent however, cannot be specified.