

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

STARRED QUESTION NO:60
ANSWERED ON:04.12.2003
UPLINKING OF FOREIGN NEWS CHANNELS
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Will the Minister of INFORMATION AND BROADCASTING be pleased to state:

- (a) whether the Government have laid down any fresh guidelines for uplinking of foreign news channels to bring them in line with the foreign direct investment norms in print media;
- (b) if so, the details thereof, indicating the modifications made in the earlier guidelines alongwith the reasons for such changes;
- (c) the foreign news channels who have applied for such uplinking; and
- (d) the time by which the new guidelines are likely to be issued?

Answer

THE MINISTER OF STATE OF THE MINISTRY OF INFORMATION AND BROADCASTING (SHRI RAVI SHANKAR PRASAD)

(a) to (d) : A Statement is laid on the Table of the House.
STATEMENT REFERRED TO IN REPLY TO PARTS (a) to (d) OF LOK SABHA STARRED QUESTION NO.60 FOR REPLY ON 4.12.2003

(a) & (b) An Inter-Ministerial Group (IMG) had been constituted by an Order dated 15th July, 2003 to examine the foreign equity norms/guidelines particularly relating to uplinking of news and current affairs channels, in order to ensure that these are strengthened to prevent violation/breach and to facilitate compliance of the guidelines in letter and in spirit and also to discuss measures to plug the loopholes, if any, which may permit any company to circumvent the foreign equity norms and to bring them in line with the foreign direct investment norms in print media.

As a result, the Guidelines for uplinking of foreign news channels from India, which were issued on 26.3.2003, have been revised in respect of eligibility criteria on 28.8.2003. A copy of the revised eligibility criteria is placed at Annexure.

(c) All the existing channels, having Foreign Equity/FDI, are required to comply with the new regime within one year i.e. by 25.3.2004. Earlier M/s. Star News Broadcasting Ltd., BBC, and CNBC which were 100% foreign companies, had applied to uplink news and current affairs channels from India. They had been advised to apply afresh, as per the provisions of the revised guidelines. However, after the revision of eligibility criteria of these guidelines on 28.8.2003, no fully-owned foreign company has applied for uplinking news and current affairs channel from India.

(d) The new guidelines with revised eligibility criteria have already been issued on 28.8.2003.
ANNEXURE REFERRED TO IN REPLY TO PARTS (a) & (b) OF THE LOK SABHA STARRED QUESTION NO.60 FOR ANSWER ON 04.12.2003

GUIDELINES FOR UPLINKING OF NEWS AND CURRENT AFFAIRS TV CHANNELS FROM INDIA

The eligibility criteria in the guidelines for uplinking of news and current affairs TV channels from India have been revised as follows. Other provisions in the guidelines issued on 26th March 2003 remain unchanged

II. ELIGIBILITY CRITERIA

An applicant company desirous of uplinking news and current affairs channel(s) from India will be considered eligible, if it fulfils the following criteria:-

- (A) It is a registered/ incorporated in India under the Companies Act, 1956.
- (B) Foreign Direct Investment(FDI) shall not exceed 26% of the Paid-up Equity of the applicant company.
- (C) Permission will be granted only in cases where equity held by the largest Indian shareholder is at least 51% of the total 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.

For the purpose of this Clause, 'Indian company' shall be a company, which must have a resident Indian or a relative as defined under Section 6 of the Companies Act, 1956/ HUF, either singly or in combination holding at least 51% of the shares.

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 applicant company.

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

(E) The company shall make full disclosure, at the time of application, of Shareholders Agreements, Loan Agreements and such other Agreements that are finalized or are proposed to be entered into. Any subsequent changes in these would be disclosed to the Ministry of Information and Broadcasting, within 15 days of any changes, having a bearing on the foregoing Agreements.

(F) It will be obligatory on the part of the company to take prior permission from the Ministry of Information and Broadcasting before effecting any alteration in the foreign shareholding patterns and the shareholding of the largest Indian shareholders, as indicated in Clause (C) above or any alteration in any other Agreements, as indicated in Clause (E) above.

(G) The applicant shall be required to intimate the names and details of all persons, not being resident Indians, who are proposed to be inducted in the Board of Directors of the company.

(H) The company shall be liable to intimate the names and details of any foreigners/ NRIs to be employed/ engaged in the company either as Consultants (or in any other capacity) for more than 60 days in a year, or, as regular employees.

(I) At least 3/4th of the Directors on the Board of Directors of the company and all key Executives and Editorial staff shall be resident Indians.

(J) The representation on the Board of Directors of the company shall as far as possible be proportionate to the shareholding.

(K) All appointments of key personnel (executive and editorial) shall be made by the applicant company without any reference on from any other company, Indian or foreign.

(L) The applicant company must have complete management control, operational independence and control over its resources and assets and must have adequate financial strength for running a news and current affairs TV channel.

(M) CEO of the applicant company, known by any designation, and/ or Head of the channel, shall be a resident Indian.