

F.N. O-14011/11/2019-MUC-I
Government of India
Ministry of Information & Broadcasting
(MUC-I Section)

Shastri Bhawan, New Delhi
Dated: 16.11.2020

To,

1. News Websites/News Portals
2. News Aggregators
3. News Agencies

Subject: Compliance of the FDI policy of the Government of India with regard to the entities involved in uploading/streaming of news and current affairs through digital media –regarding.

Sir,

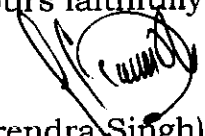
Attention is invited to the decision of the Central Government, communicated vide Press Note No. 4 of 2019 dated 18th September, 2019 permitting 26% FDI under Government approval route for entities engaged in Uploading / Streaming of News and Current Affairs through Digital Media. A clarification on the subject was subsequently issued on 16.10.2020(Copies enclosed).

2. Action to be taken by the eligible entities to comply with the above decision of the Central Government, has been laid down in the Public Notice No. No. O-14011/11/2019-MUC-I dated 16th November, 2020, a copy of which is enclosed.

3. It is requested that necessary action may be taken for due compliance.

Encl: as above

Yours faithfully



(Amarendra Singh)

Under Secretary to the Government of India

Copy to :

(i) Digital News Publishers Association (DNPA)

(ii) FICCI/ CII/ ASSOCHAM/ PHDCCI

With a request to circulate the above to all the eligible entities for compliance

Copy also to : NIC, M/o I&B for posting on the website of the Ministry

MINISTRY OF INFORMATION AND BROADCASTING

No. O-14011/11/2019-MUC-I
Dated: 16th November, 2020

PUBLIC NOTICE

Subject: Compliance of the FDI policy of the Government of India with regard to the entities involved in uploading/streaming of news and current affairs through digital media –regarding.

Attention is invited to the decision of the Central Government, communicated vide Press Note No. 4 of 2019 dated 18th September, 2019 permitting 26% FDI under Government approval route for entities engaged in Uploading / Streaming of News and Current Affairs through Digital Media. A clarification on this decision was also issued by the Department for Promotion of Industry and Internal Trade (DPIIT) vide its communication of 16.10.2020 which is placed on the website of DPIIT – dipp.gov.in.

2. To enable the eligible entities to comply with the above decision of the Central Government, they are required to take action as laid down here under:-

- (i) Entities having foreign investment below 26% may furnish an intimation to the Ministry of Information & Broadcasting within one month from today giving the following:-
 - (a) details of the company / entity and its shareholding pattern alongwith the names and addresses of its Directors / shareholders,
 - (b) the names and address of Promoters/Significant Beneficial Owners,
 - (c) a confirmation with regard to compliance with pricing, documentation and reporting requirements under the FDI Policy, Foreign Exchange Management (Non-debt Instruments) Rules, 2019 and Foreign Exchange Management (Mode of Payment and Reporting of Non-debt Instruments) Regulations, 2019 alongwith copies of relevant reporting forms in support of the past/existing foreign investment and downstream investment(s), if any, and
 - (d) Permanent Account Number and the latest audited / unaudited Profit & Loss Statement and Balance Sheet alongwith the Auditor report.

- (ii) Entities which, at present, have an equity structure with foreign investment exceeding 26% would give similar details as at (i) above to the Ministry of Information & Broadcasting within one month from today, and to take necessary steps for bringing down the foreign investment to 26% by 15th October, 2021 and seek approval of the Ministry of Information & Broadcasting.
- (iii) Any entity which intends to bring fresh foreign investment in the country has to seek prior approval of the Central Government, through the Foreign Investment Facilitation Portal of DPIIT, as per the requirements of (a) FDI Policy of Government of India and DPIIT Press Note No. 4 of 2019 (dated 18.9.2019) in this regard and (b) Foreign Exchange Management (Non-debt Instruments)(Amendment) Rules, 2019 vide Notification dated 5.12.2019.
- NOTE :- Investment means to subscribe, acquire, hold or transfer any security or unit issued by a person resident in India.
- (iv) Every entity has to comply with the requirements of citizenship of Board of Directors and of the Chief Executive Officers (by whatever name called). The entities are required to obtain security clearance for all foreign personnel likely to be deployed for more than 60 days in a year by way of appointment, contract or consultancy or any other capacity for functioning of the entity, prior to their deployment. For this purpose, the entities will apply to Ministry of Information & Broadcasting at least 60 days in advance and the proposed foreign personnel shall be deployed by the entity only after prior approval of this Ministry.

3. All information / communication in this regard may be addressed to Shri Amarendra Singh, Under Secretary, Ministry of Information & Broadcasting, Shastri Bhavan, New Delhi (Email ID : amarendra.singh@nic.in).

This may be brought to the knowledge of all concerned.

Government of India
Ministry of Commerce & Industry
Department for Promotion of Industry and Internal Trade
FDI Policy Section

Press Note No. 4 (2019 Series)

Subject: Review of Foreign Direct Investment (FDI) policy on various sectors

The Government of India has reviewed the extant FDI policy on various sectors and has made following amendments in the Consolidated FDI Policy Circular of 2017 (**FDI Policy**), effective from August 28, 2017, and as amended from time to time.

2. Coal Mining:

Para 5.2.3.2 of FDI Policy is amended to be read as under:

Sector/Activity	% of Equity/ FDI Cap	Entry Route
5.2.3.2 Coal & Lignite (1) Coal & Lignite mining for captive consumption by power projects, iron & steel and cement units and other eligible activities permitted under and subject to the provisions of Coal Mines (Special Provisions) Act, 2015 and the Mines and Minerals (Development and Regulation) Act, 1957. (2) Setting up coal processing plants like washeries subject to the condition that the company shall not do coal mining and shall not sell washed coal or sized coal from its coal processing plants in the open	100%	Automatic

market and shall supply the washed or sized coal to those parties who are supplying raw coal to coal processing plants for washing or sizing.		
(3) For sale of coal, coal mining activities including associated processing infrastructure subject to the provisions of Coal Mines (Special Provisions) Act, 2015 and the Mines and Minerals (Development and Regulation) Act, 1957 as amended from time to time and other relevant Acts on the subject.	100%	Automatic

Following new Clause 5.2.3.3.2 (iii) is added under other conditions of Para 5.2.3.3.2 of FDI Policy:

“Associated Processing Infrastructure” as contained at Para 5.2.3.2 above includes coal washery, crushing, coal handling, and separation (magnetic and non-magnetic).”

3. Contract Manufacturing:

Para 5.2.5.1 of FDI Policy is amended to be read as under:

“Subject to the provisions of the FDI policy, foreign investment in ‘manufacturing’ sector is under automatic route. Manufacturing activities may be either self manufacturing by the investee entity or contract manufacturing in India through a legally tenable contract, whether on Principal to Principal or Principal to Agent basis. Further, a manufacturer is permitted to sell its products manufactured in India through wholesale and/ or retail, including through e-commerce, without Government approval.”

4. Single Brand Retail Trading

Para 5.2.15.3 of FDI Policy is amended to read as under:

Sector/Activity	% of Equity/ FDI Cap	Entry Route
Single Brand Product retail trading	100%	Automatic

(1) Foreign Investment in Single Brand Product retail trading is aimed at attracting investments in production and marketing, improving the availability of such goods for the consumer, encouraging increased sourcing of goods from India, and enhancing competitiveness of Indian enterprises through access to global designs, technologies and management practices.

(2) FDI in Single Brand Product retail trading would be subject to the following conditions:

- (a) Products to be sold should be of a 'Single Brand' only.
- (b) Products should be sold under the same brand internationally i.e. products should be sold under the same brand in one or more countries other than India.
- (c) 'Single Brand' product-retail trading would cover only products which are branded during manufacturing.
- (d) A non-resident entity or entities, whether owner of the brand or otherwise, shall be permitted to undertake 'single brand' product retail trading in the country for the specific brand, either directly by the brand owner or through a legally tenable agreement executed between the Indian entity undertaking single brand retail trading and the brand owner.
- (e) In respect of proposals involving foreign investment beyond 51%, sourcing of 30% of the value of goods procured, will be done from India, preferably from MSMEs, village and cottage industries, artisans and craftsmen, in all sectors. The quantum of domestic sourcing will be

self-certified by the company, to be subsequently checked, by statutory auditors, from the duly certified accounts which the company will be required to maintain. This procurement requirement would have to be met, in the first instance, as an average of five years' total value of the goods procured, beginning 1st April of the year of commencement of SBRT business (i.e. opening of first store or start of online retail, whichever is earlier). Thereafter, SBRT entity shall be required to meet the 30% local sourcing norms on an annual basis. For the purpose of ascertaining the sourcing requirement, the relevant entity would be the company, incorporated in India, which is the recipient of foreign investment for the purpose of carrying out single-brand product retail trading.

- (f) For the purpose of meeting local sourcing requirement laid down at para (e) above, all procurements made from India by the SBRT entity for that single brand shall be counted towards local sourcing, irrespective of whether the goods procured are sold in India or exported. SBRT entity is also permitted to set off sourcing of goods from India for global operations against the mandatory sourcing requirement of 30%. For this purpose, 'sourcing of goods from India for global operations' shall mean value of goods sourced from India for global operations for that single brand (in INR terms) in a particular financial year directly by the entity undertaking SBRT or its group companies (resident or non-resident), or indirectly by them through a third party under a legally tenable agreement.
- (g) An SBRT entity operating through brick and mortar stores can also undertake retail trading through e-commerce. However, retail trading through e-commerce can also be undertaken prior to opening of brick and mortar stores, subject to the condition that the entity opens brick and mortar stores within 2 years from date of start of online retail.

Note:

- (i) Conditions mentioned at Para 5.2.15.3 (2) (b) & 5.2.15.3 (2) (d) will not be applicable for undertaking SBRT of Indian brands.

(ii) Indian brands should be owned and controlled by resident Indian citizens and/or companies which are owned and controlled by resident Indian citizens.

(iii) Sourcing norms will not be applicable up to three years from commencement of the business i.e. opening of first store or start of online retail, whichever is earlier for entities undertaking single brand retail trading of products having 'state-of-art' and 'cutting-edge' technology and where local sourcing is not possible. Thereafter, provisions of Para 5.2.15.3 (2) (e) will be applicable. A Committee under the Chairmanship of Secretary, DPIIT, with representatives from NITI Aayog, concerned Administrative Ministry and independent technical expert(s) on the subject will examine the claim of applicants on the issue of the products being in the nature of 'state-of-art' and 'cutting-edge' technology where local sourcing is not possible and give recommendations for such relaxation.

5. **Digital Media**

Following new clause 5.2.7.2.3 is added under para 5.2.7.2 of the FDI policy:

5.2.7.2.3 Uploading/ Streaming of News & Current Affairs through Digital Media	26%	Government
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Existing Para 5.2.7.2.3 shall be renumbered as 5.2.7.2.4

6. The above decision will take effect from the date of FEMA notification.

Sumita Dawra
(Sumita Dawra)

Joint Secretary to the Government of India

DPIIT File No.: 5/3/2019-FDI Policy, dated 18.09.2019

Copy forwarded to:

1. **Press Information Officer, Press Information Bureau-** for giving wide publicity to the above Press Note.
2. **Joint Secretary(I&C), Department of Economic Affairs, North Block, New Delhi**
3. **Reserve Bank of India, Foreign Exchange Department, Mumbai**
4. **NIC Section in the Department for Promotion of Industry and Internal Trade** - for uploading the Press Note on DPIIT's website.
5. **Hindi Section, DPIIT-** for providing Hindi version.

For suitably incorporating the policy changes in Foreign Exchange Management (Transfer or issue of security by a person resident outside India) Regulations, 2000 and the relevant schedules thereof.

Government of India
Ministry of Commerce & Industry
Department for Promotion of Industry & Internal Trade

Clarification on FDI Policy for uploading/streaming of news and current affairs through Digital Media

Vide Press Note 4 of 2019 dated 18.09.2019, the Central Government had decided to liberalise the FDI regime for entities engaged in the News Digital Media Sector. Accordingly, entities engaged in uploading/streaming of news and current affairs through digital media have been permitted FDI up to 26% through the Government approval route.

2. The Department had received representations from stakeholders seeking clarifications on certain aspects of the aforesaid decision. After due consultations, it is clarified as under:

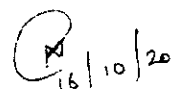
(i) The decision of permitting 26% FDI through Government route would apply to following categories of Indian entities, registered or located in India:

- (a) digital media entity streaming/uploading news and current affairs on websites, apps or other platforms;
- (b) news agency which gathers, writes and distributes/transmits news, directly or indirectly, to digital media entities and/or news aggregators; and
- (c) news aggregator, being an entity which, using software or web application, aggregates news content from various sources, such as news websites, blogs, podcasts, video blogs, user submitted links, etc in one location.

(ii) Entities covered under (i) above would be required to align their FDI to the 26% level with the approval of the Central Government, within one year from the date of issue of this clarification.

3. Compliance with the FDI Policy and the applicable FEMA Notification (including the Notification S.O. 4355 (E) dated 5th December, 2019) would be the responsibility of the investee entity. Further, the entity would adhere to the following conditions:

- (a) The majority of Directors on the Board of the company shall be Indian citizens;
- (b) The Chief Executive Officer shall be an Indian citizen;
- (c) The entity shall be required to obtain security clearance of all foreign personnel likely to be deployed for more than 60 days in a year by way of appointment, contract or consultancy or in any other capacity for functioning of the entity prior to their deployment. In the event of security clearance of any of the foreign personnel being denied or withdrawn for any reasons whatsoever, the investee entity will ensure that the concerned person resigns or his/her services are terminated forthwith after receiving such directives from the Government.


(Nikhil Kumar Kanodia)
Director (FDI)