

Policy on FDI in Digital Media

November 17, 2020

In news

Recently, the Ministry of Information & Broadcasting asked digital news media to comply with FDI policy

Important announcements

- The Union Government asked all the news websites, portals, aggregators and agencies to comply with the 26% foreign direct investment (FDI) policy for digital news media
- It is to check foreign influence and interference in domestic affairs, investigate Chinese and other overseas funding in news sites, and create a level-playing field for all media
- As per government notice the **companies, which have FDI exceeding 26%, will have to seek government approval** and also bring foreign shareholding down to 26% by October 15th, 2021.
- The notice also states that the **media entities, which intend to bring in fresh FDI, will have to seek prior approval from the central government**
- The government has also clarified that investment means to subscribe, acquire, hold or transfer any security or unit issued by a person who is a resident of India.
- The notice said that every digital news media **company will have to comply with the requirements of the citizenship of the board of directors and of the CEO.**
- The companies will also have to **obtain security clearance for all foreign personnel**, who are to be deployed for more than 60 days in a year, prior to their deployment.

- **The details sought by the government also include** names and addresses of directors, shareholders, promoters and significant beneficial owners.
- It has also asked for latest P&L statements and balance sheets along with auditor's reports.
- The clarification by the government however does not mention anything about columnists writing on India from other countries, or about the role of companies such as Google or Facebook that also have news posts.

The timeline of the policy

- **Initially, the government had come up with the 26% FDI policy for digital news media companies in September 2019,** but it was last month, when the government clarified that the rule allowing 26% FDI in digital news will apply to news aggregators, entities uploading streaming news on websites apps and other platforms as well as news agencies.
- Last week, the Ministry of I&B made changes to the allocation of business rules and **brought all digital news websites and OTT platforms under its jurisdiction.**
- The government had said that those entities covered by the FDI policy 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 the clarification.