

August 11, 2005

To,

All Banks Authorised to Deal in Foreign Exchange

Madam/Sir,

Foreign Investment in Print media sector

Attention of the Authorised Dealer (AD) banks is invited to Regulation 5 (2), 5 (3) (i), (ii) and 5 (5) of Notification No. FEMA 20/2000-RB dated May 3, 2000, as amended from time to time, which prohibits investment in the shares or convertible debentures of an Indian company engaged in print media sector by Foreign Institutional Investors (FIIs), Non-Resident Indians (NRIs) and Foreign Venture Capital Investors (FVCIs).

2. On a review, it has been decided by Government of India to permit Foreign Direct Investment (FDI) and portfolio investment within the composite ceiling of 26 per cent of the paid-up capital of an Indian company publishing newspapers and periodicals dealing with news and current affairs. Accordingly, Reserve Bank has issued a Notification withdrawing the prohibition placed on FIIs, NRIs and FVCIs to purchase shares of an Indian company engaged in print media sector. Further, the Indian company accepting FDI would have to comply with the guidelines issued on July 13, 2005 by the Ministry of Information and Broadcasting in this regard, available on <http://mib.nic.in/informationb/CODES/FDI2130705.htm> .

3. A copy of Foreign Exchange Management (Transfer or issue of Security by a Person Resident outside India) (Fifth Amendment) Regulations 2005, Notification No. FEMA 138/2005-RB dated July 22, 2005, has been notified by Government vide G.S.R. No. 505(E) dated July 25, 2005 is annexed.

4. Authorised Dealers may bring the contents of this circular to the notice of their constituents/customers concerned.

5. The directions contained in this circular have been issued under Sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions/approvals, if any, required under any other law.

Yours faithfully,

(Vinay Baijal)
Chief General Manager

Annex

[A. P. (DIR) Circular No. 06 dated August 11, 2005]

Notification No.FEMA.138/2005-RB

dated July 22, 2005

Foreign Exchange Management (Transfer or issue of Security by a Person Resident outside India) (Fifth Amendment) Regulations, 2005

In exercise of the powers conferred by clause (b) of sub-section (3) of Section 6 and Section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999) the Reserve Bank of India hereby makes the following amendments in the Foreign Exchange Management (Transfer or issue of Security by a Person Resident outside India) Regulations, 2000 (Notification No. FEMA 20/2000-RB dated 3rd May 2000) namely:-

1. Short Title & Commencement:-

- (i) These Regulations may be called the Foreign Exchange Management (Transfer or issue of Security by a Person Resident outside India) (Fifth Amendment) Regulations, 2005.
- (ii) They shall come into force from the date of its publication in the official Gazette.

2. Amendment of the Regulations:-

In the Foreign Exchange Management (Transfer or issue of Security by a Person Resident outside India) Regulations, 2000, in Regulation 5,

- i. in sub-regulation (2), the provisio shall be omitted.
- ii. in sub-regulation (3), in clause (i), the existing provisio and the coma preceding thereto shall be omitted.
- iii. in sub-regulation (3), in clause (ii), the existing provisio and the coma preceding thereto shall be omitted.
- iv. in sub-regulation (5), the existing provisio shall be omitted."

-sd/-
(Vinay Baijal)
Chief General Manager

Foot Note: The Principal Regulations were published in the Official Gazette vide G.S.R.No. 406 (E) dated May 3, 2000 in Part II, Section 3, sub-section (i) and subsequently amended as under:

G.S.R.No. 158(E) dated 02.03.2001
G.S.R.No. 175(E) dated 13.03.2001
G.S.R.No. 182(E) dated 14.03.2001
G.S.R.No. 4(E) dated 02.01.2002
G.S.R.No. 574(E) dated 19.08.2002
G.S.R.No. 223(E) dated 18.03.2003
G.S.R.No. 225(E) dated 18.03.2003
G.S.R.No. 558(E) dated 22.07.2003
G.S.R.No. 835(E) dated 23.10.2003
G.S.R.No. 899(E) dated 22.11.2003
G.S.R.No. 12(E) dated 07.01.2004
G.S.R.No. 278(E) dated 23.04.2004
G.S.R.No. 454(E) dated 16.07.2004
G.S.R.No. 625(E) dated 21.09.2004
G.S.R.No. 799(E) dated 08.12.2004
G.S.R.No. 201(E) dated 01.04.2005
G.S.R.No. 202(E) dated 01.04.2005

G.S.R.No. 505(E) dated 25.07.2005