RBI issues Guidelines on Bank Finance for Film Industry

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With a view to enabling banks to extend credit to film industry, which is relatively a new area for financing by banks, the Reserve Bank of India has, after extensive consultations with Indian Banks' Association, banks and representatives of film industry, issued broad guidelines for financing production of films. The guidelines cover various aspects involved in financing production of films, such as, eligibility for the purpose of borrowing, criteria for financing, period of loan, security cover, follow-up /monitoring, risk factors, etc. In terms of the guidelines, banks are free to provide loans to film producers (corporate as well as non-corporate entities) with good track record, subject to the prescribed criteria. Banks have been advised that, to start with, they may provide finance to such of the projects where the total cost of production of a film does not exceed Rs. 10 crore. Further, banks have been advised that they may provide loans to film producers in participation with the National Film Development Corporation (NFDC) and that they may also consider providing reasonable credit facility to NFDC taking into account usual safeguards observed while taking credit exposure.

The guidelines will be reviewed after a year based on the feedback received from banks.

The detailed guidelines are available on RBI website (www.rbi.org.in).

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