

Entertainment Industry – Bank Finance for Film Industry

June 8, 2002

IECD No.25 /08.12.01/2001-02

**The Chairmen/Chief Executives
of all Commercial banks**

Dear Sir,

**Entertainment Industry –
Bank Finance for Film Industry**

Please refer to our Circular IECD No.17/08.12.01/2000-2001 dated May 14, 2001 on the above subject.

2. The guidelines on lending to film industry have since been reviewed by us and it has been decided to withdraw the stipulation that banks should not finance projects where total cost of production of film exceeds Rs.10 crore. There will, however, be no change in our extant instructions regarding the proportion of project cost which can be financed by banks. The Board of Directors of banks should fix an overall exposure limit to the industry and ensure that advances are distributed over a reasonable number of films so that the risk is adequately spread. Banks should also meticulously follow all other guidelines stipulated in our circular referred to in para 1 above.

Yours faithfully,
(K.Vijayaragavan)
Chief General Manager