



LAYING THE RED CARPET: MIB ANNOUNCES INCENTIVE
SCHEMES FOR FOREIGN FILMS AND CO-PRODUCTIONS

1. Introduction

In an endeavour to promote India as a filming destination and increase investments from foreign filmmakers in India, the Ministry of Information and Broadcasting (**MIB**) on 18 May 2022 announced two new schemes aimed at incentivising foreign films and foreign co-productions, respectively.

2. The Incentive Scheme for Audio-visual Co-production (“Co-production Scheme”)

2.1 The Co-production Scheme is aimed at incentivising films produced by Indian producers with international filmmakers under one of India’s official bilateral co-production treaties on audio-video co-production (“Bilateral Treaties”, and such films “International Co-Productions”). The benefits under the Co-production Scheme are in addition to the benefits available under the Bilateral Treaties.

2.2 Benefits

2.2.1 The Indian co-producer of an International Co-production is eligible for reimbursement of 30% of the qualifying co-production expenditure (**QCE**), subject to (a) a maximum of INR 2,00,00,000 (Indian Rupees Two Crores only) and (b) availability of funds allocated for a given financial year.

2.2.2 If there are multiple Indian co-producers, the co-producers are required to identify 1 (one) “Indian Delegate Co-producer” who will be eligible to claim the reimbursement. The Indian Co-producer / Indian Delegate Co-producer is required to disburse the reimbursement amongst the other co-producers in proportion of their financial contribution. Letter box companies, i.e., companies that appear to exist as little more than in name only, will not qualify for benefits under the Co-Production Scheme.

2.3 Qualifying Co-Production Expense

2.3.1 *QCE includes expenses incurred on:* (a) filmmaking facilities and locations in India; (b) filmmaking goods sourced in India; (c) Accommodation, including reasonable per diem, should be included in the spend of the country where the goods / services are provided (d) personnel, who are residents of India (whether working in India or elsewhere).

2.3.2 *QCE Exclusions:* (a) acquisition / licensing costs; (b) business overheads; (c) marketing costs; (d) trade association fees; (e) delivery cost; (f) financing cost; (g) insurance and completion bond; (h) contingent payments; (i) fees reinvested into the same International Co-Production; (j) international and interstate / domestic travel (air and non-air), and local conveyance.

2.4 Disbursal

The incentive can be claimed by the Indian co-producer in 2 (two) instalments:

2.4.1 *First Reimbursement:* A maximum of 50% of eligible reimbursement can be claimed post commencement of principal photography in India.

2.4.2 *Final Reimbursement:* The balance amount can be claimed within 90 (ninety) days of completion of the International Co-Production, with a no objection certificate being mandatory for: (i) all International Co-Productions which are flagged for screening by the script evaluation officer (**SEO**), and (ii) documentaries.

2.5 Eligibility of the Co-Production

2.5.1 The International Co-Production should be granted official ‘co-production’ status by the MIB after 1 April 2022;

- 2.5.2 For documentaries, a prior permit to shoot in India is required to be obtained from the Ministry of External Affairs (MEA);
- 2.5.3 The production formats eligible for the incentive, and maximum number of co-producers on an International Co-Production, will be as per the relevant Bilateral Treaty; and
- 2.5.4 The co-producers should not have common ownership, management, or control (except to the extent such link is inherent for the co-production), and all co-producers should play an active role in undertaking the International Co-production.

3. Incentive Scheme for Shooting of Foreign Films in India ("Shooting Scheme")

- 3.1 The Shooting Scheme is aimed at incentivising shooting of films produced by international production companies (**International Producer**) in India (such films, "Foreign Projects"). The Foreign Project should be approved by the MIB (or MEA in the case of documentaries) after 1 April 2022.

3.2 Benefits

- 3.2.1 The line producer (LP) engaged by the International Producer, can apply for reimbursements under the Shooting Scheme;
- 3.2.2 The applicant will be entitled to: (a) reimbursement of up to 30% of Indian qualifying production expenditure (QPE) and (b) an additional bonus of 5 % up to maximum of INR 50,00,000 (Indian Rupees Fifty Lakhs only) if 15% or more manpower is employed in India. The maximum reimbursement per Foreign Project is INR 2,00,00,000 (Indian Rupees Two Crores only) and is subject to the availability of the allocated annual budget;
- 3.2.3 The budget for incentives to "Post-production Only" projects is capped to 25% of the overall budget of the FFO; and
- 3.2.4 An applicant under the Shooting Scheme cannot receive benefits under the Co-production Scheme for the same project. Benefits offered by individual Indian states can be combined with those provided under the Shooting Scheme.

3.3 Qualifying Production Expenditure

- 3.3.1 QPE is expenditure incurred by the applicant (on behalf of the International Producer or otherwise) wholly in respect of the applicable pre-production, production and post-production, and which is attributable to the categories of goods and services sourced and/or provided in India. QPE includes amounts paid to cast, crew and extra if such persons are Indian citizens and residents (with the costs towards above the line personnel capped at 10% of the QPE), story development and acquisition, booking of studio facilities, rent etc., acquiring props, set construction, equipment and supplies, freight provided by an Indian supplier, accommodation and hospitality during shooting, insurance payments, payment for goods / services from foreign vendors supplying from Indian office / branch, songs and background music, choreography, recording of songs / music, costumes and styling, makeup and hair styling, fringe benefits tax relating to benefits provided in India paid by the International Producer, food and beverage, and lab and processing charges, visual and digital effects, sound effects, editing, animation, DI, colour grading.
- 3.3.2 *QPE Exclusions:* (a) Banking fees, bond, financing, bank interest and charges; (b) option payments for book rights; (c) development costs; (d) entertainment; (e) publicity and promotion; (f) errors and omissions insurance; (g) capital expenditure; (h) expenses incurred out of India; (i) money received from local source in India such as gifts, sponsorships, product placement fees, etc., (j) Indian taxes including goods and services tax, local taxes, etc.; (k) audit fees; (l) equipment depreciation, (m) location - purchase or long-term leasing of land and related costs; (n)



international and interstate / domestic travel (air and non-air), and local conveyance; and (o) any other expenses as decided by the Special Incentive Evaluation Committee.

3.4 Disbursal

3.4.1 For all Foreign Projects (except documentaries and projects where the SEO recommends screening), the eligible incentives will be disbursed in the following manner:

- (i) 85% on successful evaluation and audit of applications, on first come first serve basis; and
- (ii) Balance 15% after the submission of final credits with "Filmed in India" credit along with FFO logo placed prominently.

3.4.2 For Foreign Projects that are documentaries or where the SEO recommends screening by representatives of the Government in India or an Indian Mission, abroad, eligible incentives will be disbursed in the following manner:

- (i) 15% on successful evaluation and audit of the application, on a first-come-first-served basis;
- (ii) 15% after submission of final credits with "Filmed in India" credit along with FFO logo placed prominently; and
- (iii) Balance 70%, upon receipt of a no objection certificate from the concerned officer/ Indian Mission.

3.5 Eligibility of the Foreign Project

3.5.1 *Eligible Production Formats*

- (i) feature films / animation feature films (minimum duration of 75 (seventy-five) minutes);
- (ii) Reality and commercial TV shows (each episode of a minimum duration of 30 (thirty) minutes);
- (iii) web shows / series;
- (iv) post-production, digital content services and visual effects services; or
- (v) documentaries (minimum duration of 30 (thirty) minutes).

Foreign Projects carrying news and current affairs content, magazine or infotainment shows, talk shows and lifestyle programming shows, shows having the primary purpose of fund-raising or training or in-house advertising / promotion, sports and public events coverage shows and commercial and music videos are excluded from the Shooting Scheme.

3.5.2 Each season or series of the same production will qualify as a separate Foreign Project under the Shooting Scheme.

3.5.3 *Funding Structure:* The production budget should be primarily provided by financiers having principal place of business outside India.

3.5.4 *Minimum QPE:* INR 2,50,00,000 (Indian Rupees Two Crores Fifty Lakhs only) (not applicable for documentaries),

3.5.5 The Foreign Project should not lead to a negative impact on natural resources / environment.



4. General Terms

In addition to the above, the Co-Production Scheme and the Shooting Scheme provide general requirements and other terms, as set out below:

- 4.1 **NOC:** A no-objection certificate is required to be mandatorily obtained by the applicant from the relevant officer of the Government, in India or the Indian Mission, abroad, for all films which are flagged for screening by the SEO and for documentaries.
- 4.2 **Publicity:** Under the Co-Production Scheme, the FFO has the right to publicize the filming of the International Co-Production in India and may require the applicant to provide sample footage, rushes shot in India or other publicity material. Under the Shooting Scheme, the International Producer is required, on best-efforts basis, to provide testimonials from the film's cast and crew, behind the scenes footage of the Foreign Project and other such material.
- 4.3 **Credits:**
 - 4.3.1 *For Foreign Projects:* FFO is required to be given credit in the end credit as 'Filmed in India' along with the FFO's logo.
 - 4.3.2 *For International Co-Productions:* The MIB and the FFO / National Film Development Corporation are required to be given credit in the end credit as 'Filmed in India' along with the FFO's logo.
 - 4.3.3 *For International Co-Productions that are documentaries:* Credit is required to be given to the MEA.
- 4.4 **Audit:** FFO has the right to audit all books of accounts maintained by the applicant and/or the co-producer in respect of all data relevant to the reimbursement provided under the Co-production Scheme or the Shooting Scheme.

5. Conclusion

The introduction of the Co-production Scheme and the Shooting Scheme appears to be a step towards making India a global content hub and encouraging film tourism. India's varied landscape, culture and heritage makes it an ideal location for film shoots for filmmakers across the globe. Digital platforms have enabled global reach for international and foreign language content. There are shows and films in languages such as Korean, Spanish, German etc. which are immensely popular in India. Similarly, Indian content has made its mark across the globe. This has created a conducive environment for cross border synergies and international producers to collaborate with Indian creators. The timing of the Schemes is apt and is likely to create a multiplier effect on the economy since it brings benefits in the form of employment, income generation, skill development, hospitality, transportation, catering etc. along with enduring tourism opportunities.

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