



## **The Indian Music Industry**

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### **( Topic- Overview of Indian Music Industry 2022 by Vikram Mehra, National Address Chairman, IMI )**



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Three difficult years for the industry; even more [so] because of the loss of some of the biggest names of the industry. Whether it is Lata didi, Pandit Shivkumar Sharma, Bappi Da, KK, Sidhu Moosewala, Sandhya Mukerji ji, Abhijeet Bandyopadhyay, SS Shastri and MC Tod Fod, big names who contributed a lot. May I request everyone to stand up for a one-minute silence please, to pay homage to them?

Please.

So, these three years, I think everybody understands that [they have been] difficult ones.

We could not shoot films. We could not shoot music videos. We could not do live functions. Everybody's journey was affected during this time.

I think the great part about that [was] music somewhere came to the rescue of the end customer. Recently IMI did the study of the digital market in India and 92% of the respondents said that music helps them to calm down during these very, very stressful times. So yes guys, you and I all work for money but there's a larger thing we end up fulfilling for the community: to give people that two minutes of happiness or solace when they're down. A big round of applause to all of us for doing that.

And [to] our fascination, [there are] some other data points: globally, music is heard 18.4 hours every week [and] in India we listen to music close to 22 hours per week. So[here] we

are all listening to music at all times, almost three hours a day, [which] is a very very heavy consumption. When you start looking right now, [it's] such a large country *ka* base [*sic*].

The silver lining and I seriously believe they have a silver lining; mom dad taught us this: *Ki Har andhere ke baad ek roshni dekhai deti hai*, that's a reality [*sic*].

What is a big gauge we got out of COVID: One, [an] altogether new generation got introduced to digital. A lot of parents and grandparents who were dead-against the word “digital” - 'who were very, very comfortable with their children sideloading music onto their phones, or going for apps that they were very comfortable with – for the first time, actually started to try newer apps (streaming apps, short form video apps), because they were stuck [inside] their homes with their children and grandchildren. This means an altogether new generation of users have now jumped [onto] the digital bandwagon. Just because COVID has gone away [doesn't mean that] those guys are going away from digital platforms. And I can tell you this, because the biggest beneficiary will be my own company which has got the music of that era, you have people in [their] 40s and 50s and 60s now holding on to that digital part.

The other huge benefit of this is that our dependence on film music has come down over the last three years.

All of us, even companies [if they are not for it] have jumped into the independent artists, non-film music genre and have reaped rich dividends.

Is the music going to die? No way. Film music is here to stay in this country. We are not going to become America, not in our lifetime. [But] you may have, and already there are very strong finds that you will have, a very strong independent artist game going on, which means great news right now for us and for the end customer.

We all also talk about the fact right now, how Indian [music] industry is not very big. That's a fact. Formal music industry is around INR 1800 -1900 crores here and there, in those range of numbers. What shocked me, [is] that - if I go by the latest ICRIER study, which is one of the biggest think tanks of India -they are telling us that the informal industry - what is the informal industry, primarily the brass band *waale* - is a large number. That DJ market which is sitting in there, musicians, people who make musical instruments, if I combine all [those] parts, the informal industry is [roughly] 75 to 300 times [the estimates] of the formal music industry. That's the impact. They're saying that 14 million people are employed by the informal industry. The biggest employer in India is the Tata Group and they have a million

people. So, you're talking about the music industry employing a larger number [of people] than even the largest private sector company of this country. I think what we see is not enough. The impact we see cannot be measured only in terms of the formal industry; somewhere, there is a bigger impact we're having on society. And we need to ensure that more and more of that informal sector actually starts getting onto the formal side.

That's necessary because the future can be much brighter and why do I say so? There are four points I keep on throwing [around] at my own company that I'll [highlight] here: 700 to 750 million people right now have a smartphone in India, with one of the cheapest data costs that you [can] find anywhere in the world! Yes, telecom companies have taken the rates up, [and] still you have one of the cheapest ones. And we are aping the east and west. 15 - 20 years ago, I remember traveling to Hong Kong, Singapore and I used to laugh at Korea, [I used to laugh at] the kids there [*sic*]. Everybody used to be glued onto the phones. They used to walk with their phone in their hand, staring at the phone and I used to think, "ha! Indians are so much better. They're not like those guys." Today, the moment there is a break, out here, 75% of you will be glued onto your phones. Nothing important has come in there. Trust me, companies are going to be working, even with your absence. But we are glued, it's a habit that we have. That means that much more consumption is going to be happening.

Second, [about] where we are aping the Western world. Earlier, [during] the good old days of *Kyuki saas bhi kabhi bahu thi*, the entire family used to congregate in front of the television and watch it together. Content consumption was done for the lowest common denominator - two hours of unique content was enough to satisfy the need of the entire family. In today's India, in any of the metro or non-metro [cities], it is perfectly okay for kids to be watching on their own devices, grandparents to be watching something else, and yes, husband and wife ,who are not heading for a divorce, are also watching content on two different devices while sitting in the same room. That means that much more content demand is going to be there. If we can ensure that we create good quality content, and we ensure that content is rightfully monetized, there is money to be made for every stakeholder in this food chain. And that comes to a very important point, who are the stakeholders? [There are] three primary stakeholders, we have in our industry: people who create content, people who fund that content, and finally, people who monetize that content. The industry cannot exist unless somebody is writing, composing, and singing a song. [If] any of our labels or platforms think right now that we are the creative geniuses, they are bullshitting; the fact of life is that there

are creative people who are far more smarter than we are, as labels or as platforms, who are able to create that content and they need to be properly reimbursed for it.

Then, there are the labels. These are the guys who are going out there and putting big bucks behind every song. Remember, a Bollywood song today is costing between INR 3 – 5 crores a song, and for the non-Bollywood independent music that you're talking about, which are big numbers, it can go up to INR 2 – 3 crores. Not every song is going to be a hit. For every Shersha or Pani-Pani you see and the grand successes outside, there are lots of songs right now which have not done well, and somebody is going out there and funding it. That company also has to recover its money. Then comes the platforms. All of us have a problem with platforms right now, [wondering] why they are not paying enough. Platforms are also spending crores of rupees for customer acquisition. They also need to find a way to make money, at the end of the day, [as they are also not in this business for charity. Somewhere, all three stakeholders have to understand the pain of each other and find a solution that works for all. Then only can we expect this industry to jump, leapfrog, and move out there within the top five/top six globally. Otherwise, it's a difficult task.

Three-four things I'd like to say out here, what can help?

One, the mistrust has to go. This entire part that we are all looking at the other guys and saying, that party must be making lots of money and they're depriving us - that feeling has to go. I keep on repeating the IPRS example. We did that [with] IPRS and after years of infighting, finally, everybody came together and said, we will work together and Rakesh will be presenting to you, I think tomorrow, [and] we'll see the numbers and realize [at] what pace IPRS is growing, just because all the stakeholders came together and started working.

My first point: platforms have to go pay. There is no way that streaming platforms can continue being what they are. There are [approximately] 525 million paid subscribers globally for music. What's so different about India? I don't understand. People keep on telling me, “listen, nobody wants to pay in India”. People said the same thing to us when we launched Carvaan, and [today] there are 2.7 million people who have paid \$100 odd for Carvaan.

What's so unique about Caravaan, all we did was get the value right and people paid.

Same thing should happen in subscriptions, [that's]point two. We need to assist platforms to go finally fully paid. Then only there's enough amount of money that will flow in. Audio advertising-based platforms, sustaining themselves is difficult. I'm just quoting from public

data, but if I remember it correctly, I think Spotify is managing 85 to 88% of its global revenue through subscription. That's how platforms survive. If in China people can pay, and in India, if people can pay for video OTT platforms, I don't see why people will not pay for your audio OTT platforms. Jury's still out.

I have Devraj sitting here who would strongly disagree if I say that INR100 per month may not be the right pricing. Whether the pricing is INR 50 per month, or is INR 100 per month, something needs to be done collectively so that the industry moves towards subscription.

Second, short format apps: great. [But] they need to find a revenue model pretty fast. I think everybody needs to learn from the revenue model that YouTube has cracked: there is free content, which is sitting in and whatever money they are making [benefits] both parties. YouTube also makes money and we also make money. Facebook is trying to do this for the longer format content now. I think every short format app needs to track their revenue model, otherwise, once again, it's not a sustainable story. As labels if we feel that a lot of content is being consumed there, but we're not getting our value, obviously we're going to jack up our rates, which is going to make the entire ecosystem fragile. So a revenue model has to be found by those guys and shared with the IP owners.

Third, something I very strongly believe in, the concept of Safe Harbor has to go or at least stop being misused. A safe harbor was created many, many decades back in US with a clear understanding. It was done for ISPs, with the understanding that a pipe cannot be held responsible for what flows through the pipe. Very fair point. How can an ISP be responsible for what you're consuming. [But] if a platform is using the same content to then go out there and profile the customer and show advertising, then the platform cannot hide and take protection under safe harbor and not pay the rightful IP owner.

We need to find a solution to this problem because this issue is becoming bigger and bigger. We are very happy helping the platforms out in a fair and transparent fashion, whereby if they make less money, we are ready to take less money. But if you are going to be taking our content, hiding under the safe harbor and not paying us, I think then the battle line should be drawn at all times. We need to find a solution to this problem.

Labels, I think have to take more responsibility in investing in newer artists. Unless we create the next generation of artists, how will this industry go forward?

And all of us, including my own company, we're all guilty of it that, at times we find shortcuts and [do] not invest in newer talent and just go for well-established or go for film

[music]. While we do that, it's very important to go and nurture newer talent. Not everybody is going to become super hit Badshah. But still [if] we need to get that one Badshah, we may have to invest in hundreds of people, and hopefully, eventually, we are going to hit gold.

Collectively, we have to fight piracy. I think the organization I'm representing today, which is the apex body of music (IMI), are doing a commendable job right now in this space, whether it's working out there with the Delhi High Court or working out there with MIPCU( Maharashtra unit), they are ensuring that [something is done] if people are using content without paying for it - and remember it affects not only labels, it affects the artists also - since our ability to pay artists depends on how much money we are making. Nobody's in here for charity. You are also in here right now because you want to learn something. We're in this business right now because eventually we need to go and drive profits, so that we can give returns to our shareholders. While doing that, we want to do it in a fair and transparent fashion, while helping the society.

This entire point that people don't want to pay for public performance - I think we need to find a solution. It's a global practice. It's the law of the land that when consumption of music happens out here for any commercial purpose, in a public area, you need to take a separate license. I'm not going to take sides. One side says the prices are high and the other side says that they don't pay; we need to sit together on the table and resolve this problem. Then [only] there is growth, otherwise we are spending so much time fighting each other in the court and outside, whereas the same time and energy can be channeled into, I think, more fruitful things.

Similar cause, there are lots of Indian platforms and channels who refuse to look at publishing rights. I think that's very, very unfair. It's a government recognized right. It's an internationally recognized right. Why shouldn't publishing rights be paid? When you're paying for publishing rights, remember, a writer and composer are also getting paid for what he is due. Hats off to the global platforms, almost every global platform has recognized the rights and is paying for it, while many of the Indian platforms are fighting it out.

These are some of the macro issues that we need to find a solution to. The good part is far more conversation is happening in the industry and forums like these are great too, where we can have open chats and resolve the problem. Brushing it under the carpet is not going to work out, I'm telling you. The last part for all of you guys: learn to experiment. Not all experiments are going to pay off. Just because something has not paid off, doesn't mean

you're not going to go out and keep on doing this experimentation again and again. What worked yesterday is definitely not going to work today. High probability [is] it will not work today. What's working today, may not work tomorrow.

And you need to be finding the next big trend. I'll give you a small example in the end. Tarsame came to me six years ago when he was talking about All About Music, and with all the *gyan* I am giving you [now] I was as cynic[al], refusing to experiment. I told Tarsame, “*kyun paisa barbad kar raha hai, izzat kharab kar raha hai. Kuch nahi chal nahi wala hai* industry mein no conference has ever gone out there and worked, people come, people go, you’ll just be blowing your money.” And who is laughing right now? Tarsame is laughing and I'm hiding my face, because Tarsame absolutely got the most banging thing out here in the music industry [*sic*]. Thank you, guys. Have a great time over the next three days.

Thank you.  
Vikram Mehra,  
Chairman IMI

Mr. Vikram Mehra is the Managing Director of Saregama India Limited at RP – SANJIV GOENKA GROUP PRIVATE LIMITED since October 2014. Before joining Saregama, Mr. Mehra served as Chief Marketing Officer and Chief Commercial Officer at Tata Sky Limited. Mr. Mehra was a part of Tata Administrative Services (TAS) and has worked in many Tata companies including Tata motors and TCS. Prior to joining Tata Sky, he was with News Corp owned by Star TV and was at the helm of its foray into DTH and cable services in India.

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