

THE INDIAN MUSIC INDUSTRY

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Date: 28th September, 2017

To,

Shri Thiru O. Panneerselvam
Hon'ble Deputy Chief Minister
Govt. of Tamil Nadu
Chennai.

Sub: Lower the slab of GST on products of music.

Respected Sir,

IMI represents the Music Companies a.k.a. Record Companies aka Music Labels on an All India Basis. Domestic, regional and international companies operating in India are represented by the IMI. The IMI has been in existence since 1936. The music industry in our neighboring countries has been completely wiped out due to advancement in technology leading to large scale piracy. In India thanks to the efforts of our members who are united in their whole hearted support to IMI we are pleased to let you know that globally India is ranked amongst the top 20 in the global music business as mentioned in the trade body report published by IFPI.

Sir, the proposed rates of 18% for physical formats and 12% for digital formats will have an adverse effect on our sales and we will be even further out pricing in a very pirate dominated eco-system where the consumer pays nothing at the cost of the music industry.

Our submissions are as follows:



**PHYSICAL FORMAT: request you to please consider a rate of 5% GSTN
Code HSN 8523**

Sir, in addition we would like to add that our member companies are aligned with the MAKE IN INDIA POLICY, while the rest of the world are shutting down physical manufacturing plants in India we have both domestic and international companies who have invested in such manufacturing facilities. These facilities have the potential to be global hubs for manufacturing hubs of CD's and DVD's for music,

educational, devotional, interactive and movie software. For these manufacturing plants to survive a lower GST rate will be welcome, thereby ensuring employment generation, further capital infusion and export potential

- A. The VAT charged on Entertainment products such as DVD's CD's and related discs is around 6% in the current regime. This category has been included in the 18% GST category! This means that even after taking all input costs into consideration we will have to increase consumer prices by a minimum of 10% in order to retain our margin. We must add that we are currently entailing losses in the packaged media business for past many years and this price increase will further take consumers away from the Physical Legitimate Home Entertainment format and we may have to shut down operations and lay off our staff if this high incidence of GST is levied on our category.
- B. Significant amount of our revenue comes from Educational Book publishers who bundle a CD-ROM or DVD-ROM with their books in order to give visual references to the Educational material in their Educational curriculum for Schools and Colleges. This enhances the learning experience for students. In the current regime we didn't charge them Central Excise Duty as an exemption for educational products. In the GST regime Educational books have been classified under NILcategory but educational CD's and DVD's do not find any mention under this exempt category. This will create an anomaly which will force Publishers to drop the Disc from course material and not only lessen the learning experience but also decimate businesses engaged in producing these.

We would humbly request the GST council to correct both the above anomalies and place Packaged Entertainment Discs in 12% category(HSN Code 8523) and Educational Discs (within HSN Code 8523)under the NIL category, as earlier vide Notification No.12/2012-C.E. dated 17.03.2012 and 37/2012.C.E. dated 11.10.2012, before the rollout and save our Industry from extinction.

**DIGITAL FORMAT: Request you to please consider a rate 5% GSTN
CODE HSN 00 44 0613**

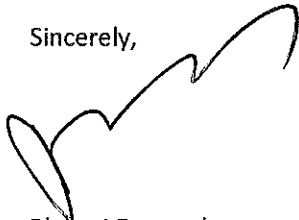
Sir, keeping in mind the Digital India programme our member companies have invested very heavily to meet the opportunities that will arise from the various schemes launched by the Govt. Today unaudited piracy rates are estimated to be close to 90% . A 12% rate will be detrimental to all our digital initiatives.

For your ready reference we are appending the GSTN Codes with current and requested rates for Physical and Digital Formats.

We would be grateful for a separate audience with you and make an even further detailed representation.

Thanking you,

Sincerely,



Blaise J Fernandes

President & CEO

The Indian Music Industry