

**VISION 2025**  
The Show Must Go On





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Indian Music Industry, heavily dependent on cashflows, hit hard  
by Coronavirus; Smaller Labels Face Existential Threat



# Foreword



**Blaise Fernandes**  
President and CEO, IMI

Big Hit Entertainment, a South Korean music label, will launch its IPO in October 2020 with a USD 4 billion valuation. Home to the K-pop band BTS, the label plans to hand each member of the band a special onetime reward of shares worth USD 8 million. It's a classic example that illustrates that if the river is not dammed, the tributaries will receive more than ample supply of water. Tencent Music, listed on the New York Stock Exchange (NYSE), was valued at USD 26 billion as on Friday, September 11, 2020. Will India ever witness the day when its music companies see these types of valuations? What is it that ails us? Does the current regulatory framework help in unlocking fair value and addressing the value gap?

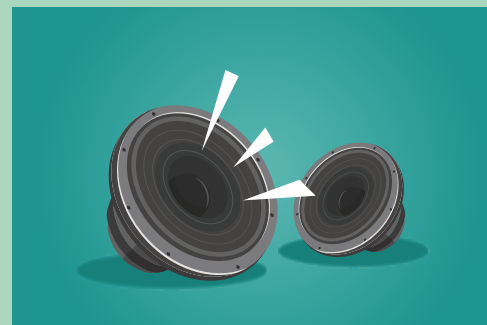
According to the International Federation of the Phonographic Industry's Global Music Report, while Brazil earns USD 313 million from the recorded music industry, India earns just USD 181 million. While there are a lot of similarities between the two markets, there is one stark difference; Brazil is more or less homogeneous in culture and has one predominant language—Portuguese—whereas India has diversity in culture and language. The Indian heterogeneity mirrors Europe, which is the perfect ecosystem for the creative industry. If that is the case, why is Brazil ahead of India in the recorded music business?

Post the 2012 amendments to the Copyright Act, 1957, why has the government of India not conducted a study in collaboration with the World Intellectual Property Organisation (WIPO)? The WIPO creative industry study is a globally-accepted document designed to calculate the value of the contribution of the creative sector to the economy. Recorded music may be the smallest component of the media and entertainment ecosystem, but it provides huge levels of employment and the fuel that powers the radio, film and television industries. The WIPO India study may just be the awakening needed for the neglected music ecosystem.

Radio, an industry worth INR 3,100 crore, pays just INR 75 crore as music royalties to labels. TV spends around 20% of its revenue on developing content and bears the risk of the content being unsuccessful. Radio bears no such



**Recorded music may be the smallest component of the media and entertainment ecosystem, but it provides huge levels of employment and the fuel that powers the radio, film and television industries.**



risks and can cherry-pick the most popular songs. The royalty pool for music labels ought to be at least INR 300 crore, or 10% of the top line revenue earned by the radio industry. But the government still utilises precedents and laws created when radio was a nascent industry to define royalty payable now. The regulator should take into consideration that fair value needs to be paid to the record labels by radio broadcasters.

India, in its framing of the Information Technology Act, 2000, broadly followed the US's Digital Millennium Copyright Act, 1998 (DMCA). At that time, the country needed a fertile ecosystem to encourage innovation. Circa 2020, have the safe harbour provisions benefited India's creative industry or global tech giants based in and paying taxes abroad? Recent trends show video social media apps emerging from Russia and China taking shelter under safe harbour provisions. A relook at the intermediary liability regime under the IT Act, 2000, and associated rules is needed immediately.

Public performance is another growth driver of the recorded music industry worldwide. Brazil earns USD 70 million via public performances, as against India's USD 18 million. The wedding industry in India has an estimated value of USD 45 billion. But while music labels are deprived of public performance royalties during western-style celebrations at Indian

weddings, the government imposes a 3% GST on even the most sacred mangalsutra.

A formal recognition of a collection society for sound recordings by the government would be an excellent first move to allow creators of music to achieve fair value rewards for the risks they take and the work they do.

We are all proud that, by 2025, India aims to be a USD 5 trillion economy, bigger than Germany, Japan, the UK and Australia. The contribution of the creative sector to the GDP in most developed markets is 4% on average; in India, it is just under 1%. Antiquated laws, relics of the past, are speed breakers slowing down India's answer to BTS Korea.



**(Giving the music industry its due: Antiquated regulations are damming music revenues September 17, 2020,**

**<https://www.financialexpress.com/cdn.ampproject.org/c/s/www.financialexpress.com/opinion/giving-the-music-industry-its-due-antiquated-regulations-are-damming-music-revenues/2085049/lite/>**)



# State of the Recorded Music Industry India 2020



**Vikram Mehra,  
Chairman, IMI**

Let me first start by paying my respect to Pandit Jasraj. He was a true legend. He took Indian classical music outside of India and promoted it across the globe. The Indian Music Industry will always be indebted to this maestro, legend, and larger than life figure called Pandit Jasraj.

Next, I will like to tip my hat to this man called Tarsame Mittal. His dogged perseverance and never say die attitude makes him stand apart. He shows us by example that if you take the fear of failure out, you can do wonders. Who would have imagined that somebody who didn't have any experience in the area was going to come up with All About Music and make it the most successful platform of the country for music. Great job done by Tarsame and team and congratulations for the 4th edition of All About Music.

Let me also take this opportunity on behalf of IMI to thank various film actors, producers, directors, various music-related artists, music labels and all the collection societies who have taken various initiatives over the last six months whether it is giving grants or holding online concerts or giving money to the Prime Minister Fund. They have taken various initiatives to raise funds for COVID-19. Thank you, great job done, we are proud of you.

Also, I want to thank the Government of India and all its constituents for all their proactive action, especially in these challenging times. We may all have issues about various initiatives that are being carried out but remember managing a pandemic in a democratic structure with 1.3 billion people where everybody has an opinion, it is not a joke. Managing a company of 500 to 1000 people is an issue, just imagine managing 1.3 billion people.

I think the government has gone about their job with a calm head and a purposeful approach, big hats off to them.

Now, since we are talking about the government, let me put my first big request to the government, on behalf of the music industry. We would like to request the Government of India to reconsider the existing intermediary liability regime much more closely. This is being misused today. A lot of social media apps and video sharing apps are using music i.e. sound recordings and underlying works as a base to drive traffic. They use music as a way to boost traffic which in turn helps them generate advertising (revenue) and most importantly boost global valuations. There is nothing wrong with this model in a capitalist world, it's perfectly fair to go back

and do it but, fair value should be given to the owners of the sound recording and publishing rights too.

Why should one party build up this global valuation based on the content and the content owner does not get rightfully paid for it? I think there is a big issue there.

The intermediary liability concept was introduced in India at a time when the internet was in a nascent stage. I think a lot of water has flown under the bridge since. The digital landscape of India has transformed completely and it's high time that we re-looked at the intermediary liability issue and the entire concept of safe harbour so that it does not become a way to short-change copyright owners of their rightful dues.

Let's look at another topic - the entire idea of price control in a capitalist structure. I always have an issue with the concept of price control. It was reintroduced in 2010 when radio was at a nascent stage and needed some kind of protection. So, both radio as well as television were put under what we call a statutory licensing regime. The entire idea of controlling the price of output when the input price is not under control is something difficult to comprehend.

To explain it to you - how do we music labels create content or buy content? Let me give the example of film music. Whenever a movie is being produced by a producer, they go back and reach out to all the major music labels and ask them if the labels would like to buy the rights of the audio and the music video connected to the movie. This is done in a completely free market scenario where no music label is under any pressure to bid for that music, and the film producer is under no pressure to sell it to anybody under duress.



It's like a game of bidding where the producer decides which music label is the best possible marketing partner, then they decide to work with them.

What is the construct of the deal? The music label pays a hefty advance and then agrees that once the music label is able to recoup the entire advance given to the film producer, they will pay the film producer a royalty in perpetuity. And it happens labels like Saregama are still paying royalties for music that was acquired in the 60's and 70's. I think it's a perfect structure. It's a structure where the free market is deciding what the pricing for each of the songs should be and lets the guy who is ready to bring the biggest bucks or the best marketing set-up to the table win it. So, if input price is not under control, then why should output price of the music label be under price control. A label tries to monetise the music though deals with various potential users: streaming platforms, radio stations, television channels etc. These should be left to free market dynamics.

In India, luckily, we have a vibrant entertainment industry. There are enough number of movie producers, music labels, streaming platforms, TV channels, radio stations to ensure that there is no monopoly. We really urge the government to relook the statutory licensing regime as the market matures.

I touched, somewhere while I was speaking about the statutory licensing regime, on the topic of radio. All we are requesting as music labels is for a fair pricing mechanism. I don't know why every fight becomes one constituent versus the other constituent.

A free market mechanism works on the concept that there is a win-win for both the parties. The moment one party takes it all, the free market mechanism breaks. That's what has happened in the case of radio stations using copyrighted music. The subsidization of music for the radio industry has come at the cost of the music industry. An unfair value distribution like this means lower financial incentive for the producer of the content to produce content and bring it to the table.

The two per cent rate that was assigned by the copyright board in 2010 was done at a very, different time. I will not get into the merits, but it was done at a time when radio was in infancy and needed a lot of support. What is the situation today? The total turnover of the recorded music industry is around INR 1200 crores while the turnover of the radio industry is around INR 3100 crores.

I think the situation has changed. Now the music industry needs some kind of support from the radio industry. And what are we asking? Just that there is a fair mechanism of voluntary licensing. That's it. We are not running away from the fact that radio industry is under a lot of duress because of COVID-19. It's a phase and we are ready to stand up and support the radio industry at this stage as long as we understand in the long-run there will be a fair way in which the radio industry reimburses the music industry, both for sound recording as well as for publishing rights, so that both parties believe that they have got their right dues.

I am again repeating we are not out here just to go back and extract the maximum out of any of our partners. We also understand the

growth of the music industry is dependent on our partners growing because the music is taken to the end users by our partners. We want our partners to grow and then reimburse us in a fair fashion that's all we are asking for.

The other big area is streaming. There is an ambiguity in the interpretation of law on whether statutory licensing applies to streaming or not. Thankfully, the High Court verdict in Tips vs Wynk case has given us clarity. But I think more clarity from Government will go a long way to spur investments in the recorded music industry.

Our other peeve is digital piracy, it may sound like a stuck record but we have to acknowledge that digital piracy still erodes value in a big fashion through the inappropriate or invalid use of copyrighted music content.

IMI studies indicate that 67% of customers surveyed in India are still using non-licensed platforms for consuming music content. Now this is bizarre! If China can put curbs on controlling music piracy, I am sure we can do it too. We owe a lot to the streaming platforms who have helped us in turning a completely pirated industry to a legit industry. They are making it easier and more convenient for customers to go back and listen to legal music.

We also need, along with the carrots, some sticks to be built in to dissuade and take action against people who indulge in the practices of promoting pirated music.

We are at INR 1200 crores with 67% content being pirated, and music labels not getting dues right now from some of our partners. Just imagine the growth potential if piracy goes away and rightful dues start coming in.



**Our other peeve is digital piracy, it may sound like a stuck record but we have to acknowledge that digital piracy still erodes value in a big fashion through the inappropriate or invalid use of copyrighted music content.**





The unique nature of our music industry is that majority of the music comes from films and the film industry is massive. Typically, 10% to 15% cost of a film gets recouped by the producer by licensing the music to a music label.

The moment we start removing the remaining impediments in the path of the music industry, the industry will be able to grow rapidly and generate higher revenue. The moment higher revenue is generated the royalty's overflows are going to flow back to the film producer. That means the film industry will be able to invest that much more in developing and creating films.

It's a waterfall effect. It's not about the music industry alone, if I look at the vertical integration from the film side on one side and the user on another it can have a potential to grow on both sides in a very big fashion.

Despite all of the obstacles that have come in the way of the industry, the Indian Music Industry grew over 18% last year and we believe with the right support from the government, a fair mechanism for the music industry being reimbursed by their partners, with all these legal fights going on and partners working together the industry can grow in a big fashion.

There was a time when the Indian Music Industry was the envy of most parts of the world, I think we can go back and regain that position if we just get some of these impediments away.



One of the big highlights of last year was the global recognition of The Indian Performing Arts Society (IPRS) by the International Confederation of Societies of Authors and Composers (CISAC). What does it show? I think there is no secret about the fact that for the longest time there was a big tussle between the publishers on one side and the authors on

the other. Under the leadership of Javed Sahab, we all came together and created the new IPRS and the results are for everyone to see. The society is growing by leaps and bounds and both authors as well as publishers are reaping the benefit of it. It tells you that if we stop fighting and start working with each other, there is a lot of growth potential in front of us. And I urge not just IPRS, but all copyrighted societies and all stakeholders of those copyrighted societies to work together, so that we can achieve greater heights for the music industry.

Let's all first engage with each other and engage with the Government of India to ensure that piracy goes away. Let's ensure that the fair valuation is given for music content. Let's ensure that free market dynamics prevail in the music industry, both on the input and output sides. And then we believe that our industry will be a force to reckon with and you will see lot more investments flowing in, both from the domestic as well as the international side.

That will also add substantially to the employment benefits in the country. Music industry is a big employer, both directly through recording technicians and indirectly through bandwallas, concerts, pubs etc. It will be wrong on my part not to talk about Carvaan for a minute. A product like Carvaan which is based on music, is generating employment for hundreds of people. We are retailing from 28,000 retailers, with most of them having dedicated product demonstrators. The more music industry grows, the more emolument it creates.

In line with the Prime Minister Narendra Modi's vision, the Indian Music Industry can truly contribute to the Aatmanirbhar Bharat both in terms of economic contribution and its soft power.

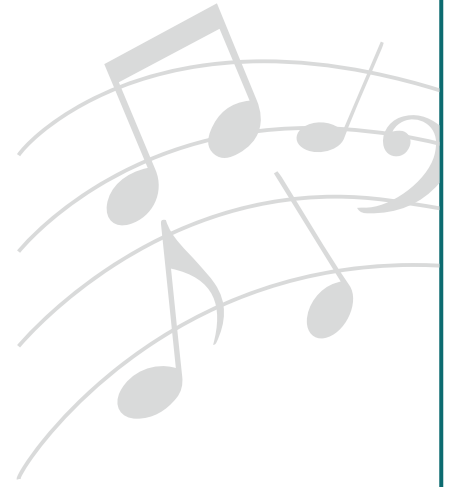
I am very hopeful about the future, I am very hopeful that all of the issues will get resolved and the music industry will reach new heights.

I will end my session by wishing Shri S. P. Balasubramaniam\* speedy recovery, sir we want you back with you singing and rejoicing with the world as soon as possible.

**\* Shri S.P. Balasubramaniam, passed away on 25th September, 2020. IMI extends their heartfelt condolences to the family and fraternity. IMI acknowledges the rich and vast contributions of the late Shri S P Balasubramaniam made to the industry.**

**(This is a transcription of the speech delivered at All About Music held on a virtual platform on Dt. 18-Aug-2020)**

# Keynote International Trends



**Lauri Rechardt,**  
Chief Legal Officer, IFPI



**“Undeniably, the main challenge for the industry is to ensure greater accountability of online intermediaries in India. Like in many other markets, online intermediaries enjoy liability privileges under certain conditions. It is essential that these privileges are reviewed and, where needed, amended to ensure that they do not distort the digital marketplace by allowing user upload services, such as Google’s YouTube, to use premium content without licensing it in a fair market.”**

The music industry today is a growing, digital industry. However, globally, we are still recovering from a steep revenue decline over the years between 2000 and 2015 mainly caused by rampant digital piracy. So, what is driving the industry growth today? The main factor is subscription streaming which continues to show robust growth. The global growth was also assisted by strong performance in key markets - the United States and Europe, in particular. Streaming now accounts for more than half of industry revenues, totalling over USD 11 billion.

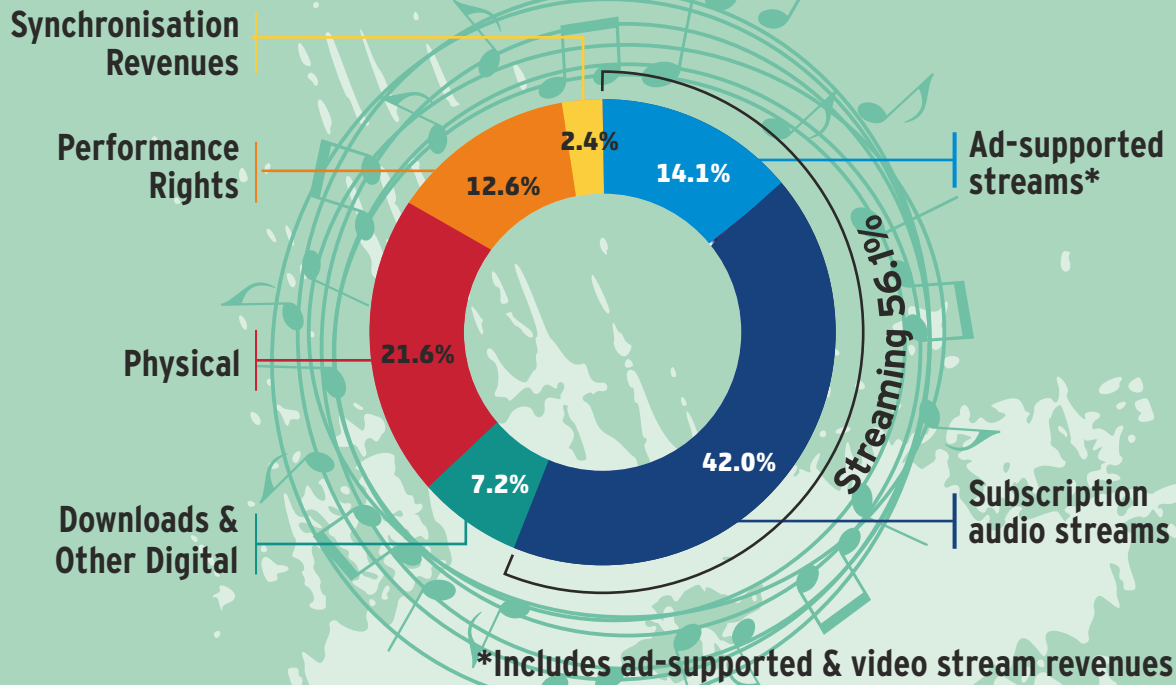
The industry has also diversified its revenue sources with physical performance rights and synchronization, all contributing to growth. Together with the growth of streaming, the most exciting future of the industry today is that we are seeing growth across markets and bridges from Latin America to Africa to Asia and North America and Europe.

The industry has worked hard to make this global growth happen, including by licensing hundreds of digital services operating across regions and markets - some international, some local - and by expanding the operations of companies and investing locally in artists. Which leads me to another important observation, all this does not just happen, it requires investment, creativity and hard work. Even though the recording industry has undergone a profound transformation, record companies continue to remain the main investors in music and talent locally and globally. Record labels continue to provide crucial services to their artists, making their successes possible and absorbing the losses of the unsuccessful projects.

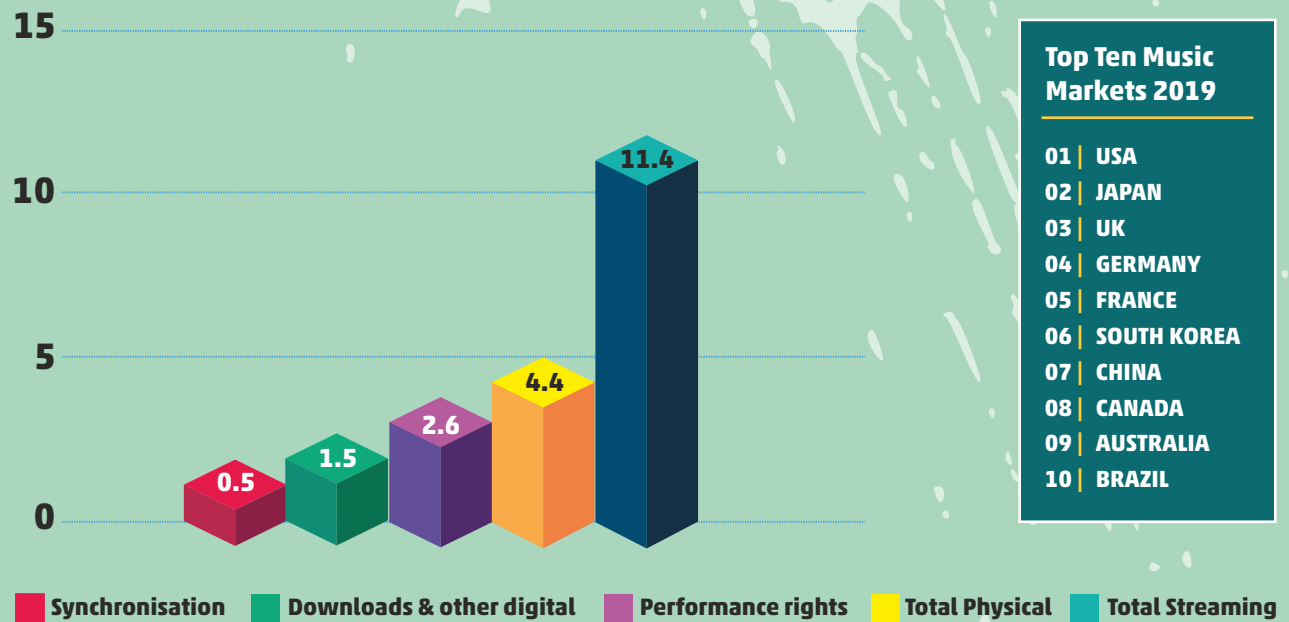
However, COVID will of course have an impact on the industry. How big is too early to tell but seems certain however is that some markets will be affected more severely than others depending on the structures of individual markets. Subscription revenue seems more resilient to the COVID crisis than advertising, for instance, and live sector will be affected the most.

Next, I want to move on to say a few words about what is needed to ensure sustainable global growth in the industry and a robust bounce back from COVID. Essentially, we need to ensure a fair digital marketplace for the digital music industry. This means that first of all, the value of creative content must be recognized, second, the copyright law framework that underpins the industry must be clear and fair. Creators and investors in content must be able to license their content freely and fairly in fair market terms and rightsholders

### Global Recorded Music Revenues by Segment 2019



### Global Recorded Music Industry revenues 2019 (US\$ Billions)



Top Ten Music Markets 2019	
01	USA
02	JAPAN
03	UK
04	GERMANY
05	FRANCE
06	SOUTH KOREA
07	CHINA
08	CANADA
09	AUSTRALIA
10	BRAZIL

Total Revenue \$US billions 20.2



must have access to effective enforcement measures and processes to ensure that they can enforce their rights.

In concrete terms, this includes first, harmonizing the international legal framework through ratification and faithful implementation of the WIPO 1996 Internet copyright treaties. It also means ensuring full exclusive rights, limited only where there is a proven market failure and online liability regime that enables a fair and functioning licensing market and ensures that online intermediaries play their part to stop unauthorized usage of copyright content, including measures such as blocking access to illegal sources.

Undeniably, the main challenge for the industry is to ensure greater accountability of online intermediaries in India. Like in many other markets, online intermediaries enjoy liability privileges under certain conditions. It is essential that these privileges are reviewed and, where needed, amended to ensure that they do not distort the digital marketplace by allowing user upload services, such as Google's YouTube, to use premium content without licensing it in a fair market.

And of course, the debate of greater online accountability is not limited to music and copyright content alone. As a result of this more general debate taking place in society, we are seeing legislators around the world taking action to clarify or review the online liability of digital

services. The European Union adopted in 2019 legislation clarifying the copyright liability of user upload content services and it is currently working on an initiative called Digital Services Act which aims to strengthen the responsibilities of digital services generally. In the United States, the Copyright Office has published a report calling for a review of the copyright liability privileges for online intermediaries.

To recap, this is a wonderful time to be a music fan, with access to more music in more forms than ever before. COVID will have an impact on the global industry but, provided the industry is allowed to operate in fair market conditions, it will prosper and record labels will continue to invest in artists talent and music to ensure continued and sustainable growth.

(This is a transcription of the speech delivered at All About Music held on a virtual platform on Dt. 18-Aug-2020)



# Regional Voices:

## Pre-CoVid, Amid the Pandemic and the Now



**Aditya Gupta,**  
**Director, Aditya Music,**  
**Board Member, IMI**

**What were the negative and positive impacts of the pandemic on the recorded music industry in Telangana & Andhra Pradesh, and what were the measures undertaken to cushion the effect of the pandemic?**

There have been no new releases in the Telegu Film market since March 2020. That means 75% of our working capital is blocked. The banks are charging us labels interest rates on those funds blocked, the film producers like us are helpless so we understand their plight it's the same as ours. Since people are all indoors, while data consumption has increased the piracy levels have also increased.

With shops and establishments closed, public performance collections are being impeded. A large pie of revenue that the recorded music industry earns through use of music in bars and restaurants, et al have been lost. And if not all, then most of the revenue from physical sales, which account for 5% of the industry revenues are lost as well.

**Can the government do anything in terms of assistance to the industry?**

Our local governments are fighting the pandemic on a war footing. As a label we have made a contribution of thirty-one lakh to the Chief Minister Relief Fund of Telangana. What we were hoping from the Central Govt is a waiver of interest

rates and some strict administrative actions on blocking of illegal apps and websites.

But despite all of this, we stayed strong. Our wide music listener base in India has incited us to push through the situation and we have seen better days through these challenging times. Per a KPMG Report there has been a 15% increase in paid subscribers post-covid and double the increase in the adoption of music listening habits while during household chores. Unfortunately, this doesn't immediately translate into revenues for us. But this is promising as I see these habits and new users to stay and continue to consume music.

Lastly, we have been signing global licensing deals with various platforms such as Facebook, ShareChat and Moj during the pandemic. This indicates we are an important market and as people turn to music for emotional support and comfort in these tough times, any negative impact on music listening has been more limited.

**What are the new trends adopted by music listeners and how have these trends impacted the recorded music industry?**

There have been a lot of changes in the listening habits of people. Usually people listen to music and certain points during their day - while commuting, while working out in the gym etc. Now a lot of people listen to music while they are doing



**We are an important market and as people turn to music for emotional support and comfort in these tough times, any negative impact on music listening has been more limited.**



household chores, while studying or doing work, and during leisure time, all of which have been directly associated with a serious jump in streaming time.

In addition, the music eco-system was slowly transitioning to a non-film sphere. The consumption of film music has reduced from 60% in 2016 to 45% in 2020, according to the KPMG Report. Moreover, with the halt in film music being released due to no new film releases, COVID expedited the consumption of non-film music.

To understand this shift better, according to JioSaavn, between May 1<sup>st</sup> to July 15 at least 50% of their top tracks listened to were non-film music. Independent artist tracks also entered Apple and Spotify's top 50 lists.

**What is the audio OTT landscape looking like, are these trends going to stay? Has this brought us closer to a subscription economy?**

As people stay indoors and look for ways to keep themselves engaged, there has been a 42% increase in time spent on listening to OTT (over-the-top) audio streaming apps among the people able to consume these apps found by a survey by insight consultancy Kantar and audience measurements and analytics company VTION. In addition, to an increase in the listening time spent on audio OTT platforms we are also seeing a growth in the users on such services.

Music streaming app, Gaana had reached 185 million subscribers in the month of August. This was in part due to GaanaHotShots (short videos), live streaming and podcasts. However, these positive factors as mentioned don't immediately translate to revenues. This may sound counter intuitive but currently the ad-based model and bundled model are the major sources of revenue for OTT audio

players. Findings in the IFPI GMR 2020 stated, ad-funded streaming revenues alone grew 41% in 2019 as compared to paid streaming which grew a meagre 5%.

According to the Digital Music Study Report 2020, 90% of surveyed respondents use licensed audio streaming platforms to consume music. However, only 1% of the total user base are paid subscribers.

For us to get closer to a subscription economy will take time but is achievable. We will need to address the bottlenecks of fair value and value gap in the recorded music ecosystem.

**What has been a standout difference to you between the pre COVID and the current COVID era?**

We are currently in Unlock 5.0; the economy is gradually re-opening but the shock of COVID-19 on businesses has been severe. The disruptions brought about new trends as people adjusted around new schedules. People began to stream music on their devices more with different playlists for different occasions. People have always been dependent on music but now even more so in this difficult time of crisis as it brings them some respite from the uncertainty and problems. Music consumers are exploring different kinds of music, such as devotional music in the morning, zen music for siestas and party music at night.

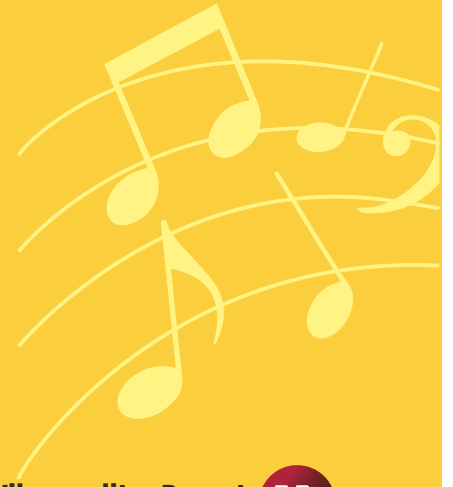
**From changing music consumer preferences to the world crisis, do you have any learnings on how to adapt to the change?**

For many companies, it's a matter of survival, but for others, the changes have been a silver lining amidst the crisis. Overhauling or refining a business model should be an ongoing part of running a company; even owners who are successful often think about making adjustments. But any crises, force owners to have a re-look at their business.

Business models are likely to undergo significant changes given the damage to the economy from the outbreak. As with any industry, the music business is experiencing an accelerated pace of change and disruption due to the Coronavirus pandemic. However, we must remember the consumer is key, and we must try and make our next move shadowing consumer preferences and needs.

Sectors that were struggling pre-pandemic will become weaker still, while the sectors that were already benefitting from the shift to digital may be well positioned to experience even greater growth. The music industry needs to come together, along with labels and all the stakeholders to create new opportunities so that we can emerge stronger from this. Once this is over, we hope, there will be new opportunities, bigger audiences and new platforms to embrace music.





# Entrepreneurs: A Label Story- Sagarika Music

with Sagarika Das, Music Label Head & Content Creator, Sagarika Music and Vikramaditya Bam at Music Inc 3.0 by Anurag Batra



**Sagarika Das**



**Vikramaditya Bam**

**Music thrives on a rich legacy and Sagarika music embodies it so well, could you tell us about the seamless transition of this music legacy Sagarika and what has the journey been like?**

It actually started as my family's business. We have been in the music business for 50 years now. It started in 1970 with my dad who joined MusicIndia in those days, it was what is today Universal Music. He then worked in the music industry for about 5 to 10 years and then he moved on to start probably one of the first cassette manufacturing plants in the country. I remember when I was about 5-6 years old, those little cassette machines which he brought to the house. He left his job and put his provident fund money into the business and he started this. He had brought about four machines, so you put in one master cassette and you could put

in five blank cassettes and it could record. So, he started with two of these machines, then I don't remember a lot and slowly we had a capacity of about a lakh and a half cassettes per day. Then it moved on as technology moved and we moved into CD's and then we had a CD plant where we again started making one and a half lakh CD's a day, and somehow, I mean a transition like you said, something that never happened because I was born into this and once I finished my college I don't know how or when I started working with my father, and it just started, I mean I started working but I was working in finance and administration. I had been learning music, being from a Bengali family, every Bengali girl child would go and learn singing or some kind of instrument and the boys would probably play some sport. I have been learning since I was maybe 8 or 9 years old, I had learnt classical music from Smt. Arati Ankalikar-Tikekar. It so happened that when I had my son, Vikram, our plant was at New Bombay which was quite far. I couldn't go to New Bombay every day and I had some complications also, so I ended up sitting at home. When that happened and having worked for 18 years of age it was torturous for me to sit at home. I needed to do something, so I spoke to my dad and I said I have to do something. He said why don't you start producing music, so he had started Bengali music, as he was very fond of his own. He had left Calcutta so many years back, and he was a refugee in this space and so he had started a little bit of Bengali music production, but never really too much into it because he never had much time from the manufacturing units



because we were pretty much producing a large number of CD's at that time.

So, I started with one album and then two albums and slowly, slowly I started from home. And then it started growing into a small office and then it just took off from there. It's been 22 years now. 4th of July will be 22 years. And we are still alive.

**How did Vikram get involved in music and more so with Sagarika Music?**

I would probably say the same thing about him because when he was about 6 or 7 years old, I took him to one of the senior Parsi gentleman who taught piano. He started learning the piano and he of course had a much more clearer head than me because I was confused for a long time. In those days, we did not know what he wanted, where our lives wanted to go. Once he was 12 or 13, he said Mom I don't want to do anything else. I want to do music. By the time he was 14, he had decided that he wanted to go to Berklee College of Music. We had no clue how he would do that because he was then a pianist so I said you need to have auditions. He self-taught himself the guitar. I think that was probably because since he was in the 8<sup>th</sup> or 9<sup>th</sup> in school at that time. The guitar was more impressive to the girls than the piano. So, he switched his instrument practice and he got the audition and he graduated from Berklee last year. He's in the business now, so we just find ourselves here.

**When did you first realise Vikram's passion for music and what made you encourage him to follow his dream?**

He had a wish to do a lot of live concerts. We used to do televised concerts, so I remember this story very clearly. I did a R.D. Burman special, along with all the original

musicians. This was when he (Vikram) was in the seventh grade. That was one of the first times that Kersi Lord, Franco Vaz and all came together and we did a concert. Manohar Singh was alive at the time, but he was a dialysis patient so I had approached him and asked him whether he would play for us. I remember he was very scared because he was very senior and spoke Bengali. So, I asked him and he said I will come but don't keep it on to Tuesday. I said OK whenever you want but asked him like why Tuesday.

He said Tuesday and Friday are dialysis days, so if you do it on a Wednesday I'll come and play. I said how many songs, he said, that you can decide, I'll play as many as you want. So, I did all my preparations and Vikram had final exams on the next day of the shoot. We were shooting outside a Mumbai studio, and he wanted to come and I said no, you have exams, you have to study, you have to pass.

I remember, we were setting up the stage and Manohar came up onstage and he did two rehearsals and the first song I had chosen for him was the Sholay theme. So, all the musicians started playing the Sholay theme. He started on his instrument and I called my driver and said, "just go home and bring Vikram." Forget the exam. And before we started the first take, he was on set and he was watching. Then he asked me later what made you change your mind. I said you will get another exam next year but you will not see this man ever again. Unfortunately, he passed away the next year. We are people who have different sets of priorities in our head and so this is the life that we have.

**You were just talking a lot about the journey. Is that what will you attribute to the lasting strength of the brand, your brand. What is that one attribute? To both of you?**



I think a lot of it depends on the fact that whenever we approach a song the main thing that people say about our brand is quality. So, whenever we approach a song it's not like we're doing 100 songs a year, we're always very focused on taking a couple of songs and doing the best job that we can within that space. Whether it's doing the video, the recording process, we're involved in every part of the song. Right from the lyrics, the mix, the master, the edit, the colour correction, everything has to be pristine. When something does come out as a Sagarika product, you can expect a certain level of quality to that song and I think that really matters.

One of the reasons we've survived is attributed to two reasons. One would be that we've never been dependent on films. Even when film music was the only way to go - if you had a music label, you had to have films. We kind of stuck on, though we really did have a tough time in between. We stuck on and said no we are an independent music label and we stuck to the independent part of being a music label. Since we were capable of figuring out, by then I had had the experience to know what works and doesn't work. So, we tried to get into the creation part of it as much as possible.

The second thing is a strong fundamental base in our catalogue- thanks to my dad who started with regional music. He had a very strong Bengali music catalogue and I started with a Marathi music catalogue. Overall, we have Bengali and Marathi which are two of the very popular music segments in the

country. Even within those catalogues we have all kinds of music so I have classical, folk and pop. We tried to spread. We also have a lot of devotional music. If this does well, fine, if that doesn't do well then something else will do well. Starting from September all the festivals start so the devotional music picks up heavily, so we have a good market there. Pop is a dangerous kind of a gig, so you spend a lot of money and a lot of time on pop it either takes you right there like "Aikadajiba" did for us or no one listens to it. "Aikadajiba" is that song that actually took off for us. Vaishalis first album, the composers first album. It was a first for everyone and all of us have really taken off from there. Yeah, that was basically my childhood. Before going to school we used to put on MTV very morning and check if it's on and it was on loop.

It is a big risk game so you need to construct a good kind of catalogue which kind of encompasses all the genres or as many as you can. So that builds a foundation for you, and I guess we are a testament to that. I think that is the other thing we'd add to the earlier thing I said is that we're never shy to try. If there is a weird idea that we have we always go for it. You'll see some interesting stuff come out of our YouTube channel or on Spotify, Gaana etc. The Indie music scene is really where you get to explore that and you get to explore with artists and composers who really wouldn't get the chance to do that when you have to answer to. But when you have the space to create and be fun and weird that's something we do really well.

The thing is I would attribute a lot of our success to our artists. As a music label, I started very small because it was just an offshoot from this other business that my dad was running. So, I really never had the money to get the best artist and the biggest artist so at that time I went to talent management and found artists that were new and we have launched more than 30 artists or more than that I don't remember and we've held onto them. It is not like we've just launched them and let a couple go. So, there are a lot of 'Sagarika Artists' in the industry and they speak about us and they carry their music and us along with them. It's been a very nice exchange between the artist and the label which is not very common but luckily for us most of the artists that we've worked with have remained friends and still are friends.

**Who is more right and who is more wrong between the two of you when you discuss a consumer product?**

I think even when he was small, I used to bounce off my ideas with him because the mind of a kid is something that I always depend on. If I get a new song, I would play it to him and get his natural reaction. If he responded when I played it to him, it was a plus and I would think about it.

# Interview with Vikram Mehra, Managing Director, Saregama India Ltd.

at Music Inc 3.0 by Anurag Batra



**Vikram Mehra,**  
Managing Director,  
Saregama India Ltd.

## **How has the consumption of music changed over the course of the years? Or rather, how has the business of music changed?**

In light of what is happening around us - COVID-19 and its impact, it is high time that we start thinking about how music and the entire music industry is going to recover and change. Yes, COVID-19 is a once in a century phenomenon, but is this the first time in history that we are seeing huge change in the music industry?

When our grandparents heard recorded music for the first time, they must have thought, "What a big change, you don't need to go to live concerts to hear anybody. You can now actually listen to recorded music on long playing (LP) formats." Incidentally, the first song recorded in the history of India was recorded by H.M.V., which is my company.

Then LPs were replaced by cassettes. And the players became smaller too. Suddenly, you could carry your music around with you and listen to it on a Walkman. Soon compact discs (CDs) became a very big thing. Cassettes were replaced by CDs came and we thought life had changed completely as far as music was concerned.

Then music was assaulted by the Internet and the digitisation of music. It felt like the Napsters of the world would ensure terminal decline in the music industry. There

was so much piracy, I am sure that almost everybody thought that it was going to completely change the industry. It did, but not in the way we expected. Today the same digitisation has opened a fresh stream of revenue with rights given to streaming platforms and we are all saying 'Wow' as digitisation became a huge saviour for the industry.

## **Has the recorded music industry been change averse? How would you suggest the recorded music industry adapt to changes?**

Everyone thinks that we are seeing change that has never happened before, however, I think we are wrong. Every generation has seen its own set of changes. What have we learnt? The speed of change has changed. At first changes used to come in cycles of 20, 30 or 40 years, now changes happen every few years. But the fact is that changes are happening, and the need to adapt is a universal requirement - it was this way for our forefathers and I'm sure that it will continue for our grandkids.

Now what does change mean as far as music is concerned? Let's talk about basics. Music is not different from other industries, basically there are buyers and sellers. For music, buyers are consumers or listeners; sellers are creators or labels or platforms.

This entire process needs to be streamlined to make us adaptable to



any change and to ensure that maximum amount of value is being created and uniformly distributed. Currently we believe, wrongly, that we have better information than each individual stakeholder, and we start outguessing them. This is where conflict begins.

### **What is working today in terms of music and what is consumed?**

There are two aspects-one is the consumer side and the other is the sellers. On the consumers side, number one - what do they want to listen to? Tastes in music are changing dramatically.

The kind of music which worked in the 50's didn't work in the 70's, and a very different kind of music works today.

There was a time when only Bollywood music was premier. Now, a lot of non-Bollywood music also attracts consumers. Hindi dominates in some places, but there is space for other languages too for instance, in the bigger towns English dominates. There are cultural issues which ensure that consumer taste keep changing. The industry needs to get in sync with them.

There are better speakers than me, who can talk about the changing tastes. I will focus on the second part -how do consumers consume? What do they consume? And how do they consume?

The how part, which is often ignored, is extremely important. We assume as content creators or custodians that this is somebody else's problem. But I think we need to understand it deeply. We need to understand the changing behaviour of consumers. They are like you and me. They eat, sleep, drink, go to office, and have social lives.

How does music fit in? Socially we



are changing. Maybe the way music fits in people's lives is also changing.

Let me illustrate with the example of my own company and the product, Carvaan, which has been successful recently. I remember in around 2015 - that's the time I joined the company, I wondered why were people not consuming enough of the music that I enjoyed - I am a huge fan of Kishore (Kumar), R.D. Burman, Lata didi (Mangeshkar) and Asha tai (Bhonsle). The fact is that people also love these artists and Carvaan caters to that need.

### **What has Saregama been doing differently and what were the findings?**

The consumption of Saregama's music was low inspite of the songs being available on every digital platform at that time. Naysayers, consultants and a few partners had a ready explanation for this: "Nobody wants to listen to retro any longer". We refused to accept this, as Retro music is evergreen all across the world. Moreover, the music of the likes of R.D. Burman or Lata Mangeshkar is evergreen. So, we did what we know best - we met our consumers, in 23 different cities.

Our first realisation was that the primary consumer of Saregama music was the 35+ generation; those who have grown up watching Amitabh Bachchan or Rajesh Khanna or Dilip Kumar movies. Our second realisation was that this generation loved Saregama's music but were finding it very difficult to access. This perplexed us as we were available on every digital platform.

We started digging deeper, and then the penny dropped. Our customers were finding the entire App world very difficult and



scary to access. Many consumers above the age of 35-40 living outside metros said, "We don't want the hassle of going through these apps for listening to music; every time we have to wait for our kids to help us out." They actually pined for the simplicity offered by cassettes and CDs. They preferred convenience over control.

When you are younger you want to control every aspect of life. You want to know what's going to happen every moment. You don't want to be surprised by life. Everything needs to be planned properly. It's the same with music. Youngsters want to control which song they hear next. When listening to a song, they want to know everything about that song - the history of the song, its lyrics, biography of the lyricist etc.

As you grow older, you get tired of trying to control life. You start valuing simplicity and convenience over everything else.

Carvaan was our response to this consumer understanding. Its an attempt to bring the old-world convenience and ease to music listening.

**Let's talk about Carvaan, how did that come about?**

Carvaan is a digital audio player that has 5,000 songs pre-embedded, so that people can just turn a knob to start listening to music they love.

During one of the focus group discussions held in Kanpur in 2015, a middle-aged lady commented, "My generation was fortunate, we used to wake up in the morning and switch on the radio to Vividh Bharati. Throughout the day we would listen to songs, I used to cook along to the tune of the music, the children used to study

and when my husband returned home from work he used to sip on tea with the radio playing in the background. At 8:30 p.m. we would switch on the TV and watch Doordarshan, that's when we used to stop listening to the radio for the day." This is the reality many of us have grown up with and is the brand insight that Carvaan is based on.

Carvaan is not just about music, it is about the convenience of listening to music.

At a time when streaming companies are battling for every second of music listening time at a consumer's home, Carvaan is used for 7-8 hrs daily in an average Carvaan owning household. And Carvaan (sales) numbers are not small, in fact there are multiple millions right now.

At a time when the industry is struggling to get value for subscription out of the consumer, Carvaan is selling at INR 6,000 /unit.

Has Carvaan got any different music? No! Carvaan has got the same Kishore Da music, the same (Mohammed) Rafi sahab music that is available on YouTube and on every streaming app on this country and is very much pirated. Still, people are ready to pay.

Most people think that Innovation is about Technology, but I differ strongly. I believe that Technology is the means to understand your consumer and maybe deliver what he wants. But the key to Innovation is Anthropology. You need to understand your consumer better - his needs, his wants, his pain points. Only then will you be able to design the solution better.

**What do you think people can learn from this success story?**

Both the creative as well as business communities should spend more time with their customers; it will teach them a lot. And customer definition goes beyond your partner or driver or your maid. A lot of senior corporate people make the mistake of thinking - if my driver likes it the rest of India probably likes it too. India is a little more diverse. There are 1.3 billion people. Just increasing the sample set of the people you meet may teach you some great things.

Let me give the example of Father's Day. In American society, children go back home to meet their parents during Thanksgiving and Christmas, carrying gifts for their parents and loved ones. In India also, we are realising as more and more youngsters move to larger towns and live alone, they go back home during holidays like Diwali and Holi and want to gift something to their parents who continue to live in the heartland of the country.

This whole idea of Mother's Day, Father's Day, birthdays, anniversaries are becoming a trigger for Gifting to parents. But why are the children gifting? Often, it's a way to assuage one's guilt for not spending enough time with them.

We, at Saregama, realised this and used it to position Carvaan as a gifting idea. And it took off like wildfire. People keep telling us what an out-of-the-box idea Carvaan is. I don't think we did anything special. All we did was to actually listen to our consumers. The only credit we deserve is that we didn't listen to experts or investors, and went by gut instinct, which was refined by listening to customers

**According to you, what is innovation in the world right now?**

**And what innovative measure has caught your eye?**

Let's talk about the world of podcasts. A podcast is just a piece of recorded audio - but now there is terrific content available under podcasts. Years ago, there was a programme called Hawa Mahal on Vividh Bharati in the night. I remember my mother and I would listen to it every day. To me, it was nothing but a podcast except it came at a pre-scheduled time.

Now similar content, in audio format, is available on demand - it could be a story, it could be music, it could be news, it could be a travelogue, or it could be a food podcast.

The problem we are realising from the consumer perspective, is that the consumer is finding it difficult to access Content. So, despite a lot of good content being created it's not reaching the consumers.

And that is the problem I believe podcasts are facing in India today. So, with Carvaan 2.0 we have taken the lead and are now streaming hundreds of podcasts at the press of a button through the Carvaan speakers.

Why are we doing it? It's because we believe if we make it very convenient for somebody sitting in Jabalpur to just turn the knob and access our podcasts (which is recorded audio content), I think the usage may go through the roof.

The lesson being, creating great content is not enough, you need to ensure that you create great content that the consumer likes and you also find a way to get that to the consumer in the most convenient and price effective fashion. Not all consumers are the same, my 20-year-old son does not

even look at Carvaan. He is happy listening to his streaming platforms, which is fair. Consumers are different, you need to understand your consumer and decide how your content will reach every strata of society in a fashion that makes sense to them.

**How are trends changing from a seller point of view now?**

Let me refresh your memory on how the value moves in this industry. Let's talk about Bollywood or film music which is the largest segment of music in this country today.

The creators which would include a lyricist, a composer, and a singer, create a song for a film producer and get paid for the same. The film producer takes that song and picturises it in a Bollywood film with actors and sells the music and corresponding video rights to a music label. The music label retains the IP (Intellectual Property) and licenses that music to various platforms. The platforms take the content to the consumer. So, there are the people who create the music, people who put the music in the films, people who go back and invest and buy that content and then license it to platforms and the platforms finally take the music to the consumer.

This is the value chain. It is extremely important for a vibrant industry that each member of this chain is in sync with each other and gets reimbursed based on the value created and financial risk taken. If the business interests of various stakeholders in this chain start moving in different directions, then there will be a problem.

So how does the value move right now? The creative artists - lyricist, composer, and singer get a fee



**If labels don't get revenue after having paid massive amounts of advances to the film producer, they suffer, and the value chain gets affected as money will stop flowing upstream to film producers and hence the artists.**

when they create songs for the producer. This fee may be a one-time fixed sum or a variable ongoing one. It depends on mutual negotiations, but there is a value that the producer pays the artists for the music that they are creating. The producer sells the music rights of the song to the music labels. What do the music labels do? Music labels pay multiple crores, running in double digits, to film producers, upfront, as an advance. Once the music labels have recovered the money that they paid to the producer upfront (this could take 10-30 years), they start paying the royalties to the film producer, in perpetuity.

The label now goes out and gives the rights to the streaming platforms. The streaming platform pays them a variable fee based on number of times consumers listen to that song. Often the streaming platform ends up giving some kind of minimum guarantee to the label.

So, every time a consumer hears the song on a streaming platform, the streaming platforms pay the label. The label first recovers the cost that it had paid to the film producer, and post that it pays the film producer a percentage of the money it earns as royalty.

As long as the revenue is being generated from the consumer, the entire chain keeps on moving smoothly. The problem starts when the end consumer stops paying. And that's what is happening in our industry today. Most of the music streaming platforms in India are currently focusing on increasing their Monthly Active Users through free content at the cost of subscription revenues. Net result is that these platforms are generating very little revenue, and thus finding it difficult to pay music labels.

If labels don't get revenue after having paid massive amounts of advances to the film producer, they

suffer, and the value chain gets affected as money will stop flowing upstream to film producers and hence the artistes.

We all need to work towards a common goal: move the consumers towards the subscription model. And that won't happen till the time we keep giving all the content free to consumers. I don't agree that Indian consumers won't pay. Yes, we all love free stuff, but we also used to pay Rs 50 for a cassette and Rs 200 for a CD in 80s and 90s. I remember that even though pocket money of 2-3 months used to be spent buying one cassette or a CD, we were ready to pay. Our parents had huge collections of LPs and cassettes. We all used to spend because that was the only way we could all listen to music.

Now we need to find a way in which value can be created for the consumer so that the consumer ends up paying, once again. Consumers will be willing to pay provided they see value. Remember they are paying for Carvaan at Rs. 6,000, if we get the value right for the consumer, the consumer pays the platforms, if platforms make money, labels make money, if labels make money they can go back and invest more and pay more to the producer, if producers make money artistes also make money.

**How do you think a change can come about from the labels side and how can there be less friction within the industry?**

If we believe that we can and find shortcuts and not pay any other party, the entire chain is going to and crumble. If we work together, good value can be created for the consumer and for ourselves.

I'll give you another example, for the longest time there were squabbles between the artists community and the publishers on how publishing royalties were to be managed. Eventually everybody came together under the leadership of Javed (Akhtar) sahab and today IPRS is one of the most successful societies globally.

This is a good example that shows that instead of fighting with each other, if everybody joins hands and recognises the value of every stakeholder, the industry grows, and everybody benefits.

Innovation can happen only if there is a healthy environment for all stakeholders and all are working with each other to ensure that maximum value gets created. If all the energy goes into just fighting with each other and finding ways to extract the maximum value for self without providing value to partners, then no innovations can happen.

We must remind ourselves, again and again, to spend time with consumers in a broader sense. As the market opens up and life gets back to normalcy an extra effort needs to be made to go out and talk to more consumers. Many have made a resolution to read n number of books in the year, I think we need to resolve to talk to n number of customers.

**How important has consumer research and interaction been for you?**

From 2005-2015, for ten and a half years, every month I met 25 consumers at their home in the heartland of the country. I haven't achieved much in my life, but whatever little of I know, I don't owe it to my degrees, I don't owe it to any form of formal education - I owe it to the time I spent with consumers.

It taught me a big lesson that 1.3B consumers may have likes/dislikes very different from that of mine or my spouse or my friends or my maid and driver.

Put yourself in the shoes of the consumer and then decide whether you are making a change in their life, whether you are adding value. If you can add value everybody makes money.

(This is an edited transcription of the speech delivered at Music Inc by Anurag Batra held on a virtual platform on Dt. 20-Jun-2020)



# IMI-ESYA Reimagining Radio Broadcasting Roundtable

17th October, 2019



## Introduction

ESYA, in collaboration with the Indian Music Industry, organised a roundtable discussion on radio broadcasting, at IIC, New Delhi, on 17 October 2019. The Roundtable was organised to discuss regulatory issues that hamper the growth of India's recorded music.

### Moderator

Shohini Sengupta - ESYA Centre

### Opening statements

Amjad Khan, Director, ESYA Centre

### Closing statements

Blaise Fernandes, President & CEO, IMI

### Participants

- Dr. Mark Schultz- Goodyear Tyre and Rubber Company Endowed Chair in Intellectual Property Law and Director, Intellectual Property and Technology Law Program, University of Akron School of Law.
- Dr. Megha Patnaik- Assistant Professor in the Department of Economics and Finance at LUISS Guido Carli in Rome, Italy. (Fellow, ESYA Centre at the time of Conference)
- Nidhi Jhavar- Associate, Naik Naik and Co. (Former Legal Associate, IMI)
- Sankalp Dalal- Senior Counsel - Music Licensing (India) at ByteDance (Former Head, Legal- Zee Music)
- Trishi Jindal- Project Fellow at Vidhi Centre for Legal Policy (Former Senior Legal Associate, Koan Advisory Group)



# Key Points

## **The underlying reasons for the 2010 Copyright Board order no longer hold ground**

As per the 2010 Copyright Board Order, 2% of Net Advertising Revenue ("NAR") is to be paid by Radio Stations to copyright owners under a compulsory licensing regime. At the time the order was passed, the following arguments were made in support of the order-

### **a) Access**

Radio, or the public broadcasting system is the way consumers access music. At that point of time, there was very limited internet coverage, listeners did not have the ability to pay for music at the rates it was available then, phases of radio rollout hadn't been completed and there were a very few stations.

### **b) Nascency of the radio industry**

An auction had just been held, the radio stations were running in losses and they did not have the ability to pay for the fair price of music and they needed repositories of music to start business.

Today, none of these arguments hold ground. Access to music is no longer a problem-after the phase 3 of radio auctions we have 381 private radio stations, All India Radio (A.I.R) has 420 radio stations (AM and FM). This ensures almost universal coverage. Most 2nd and 3rd tier cities are also covered. In addition to this, more than 630

million people today have access to the internet, which further ensures access. Whoever has a smartphone typically uses internet on the smartphone and penetration rates especially in rural India has gone up in the last three years to five years. According to the IMI-IFPI Digital Music Study of 2019, 53% surveyed respondents used the radio more than they used the last year and 86% of survey respondents used radio to access music.

The nascency of the radio sector is not a valid argument today either. In other countries radio is a resilient industry that it is growing but at a slow rate but in India it's expanding rapidly.

The order therefore which subsidises the radio industry at the cost of the music industry does not make sense anymore.

### **Global Context**

Globally, there are different licensing regimes in practice-

- 1) No compensation at all-** a few rogue countries like North Korea
- 2) Only the right to compensation**
- 3) Nominal rights,** where in theory you have the right to negotiate but in practice the rate it is likely that an administrative body or court will ultimately determine the rate. The rates are uniform and are generally set by CMOs.

### **Compulsory/Statutory licensing is a bad solution**

Most of the goods/necessities we buy everyday are not price regulated- music is not essential for survival. Although it is well loved, no one's life is at stake if they are deprived of music. Despite that, because of compulsory licensing it has become a heavily-regulated sector.

Further, it interferes with the free market- an administrative Board/Tribunal would never have enough information to set a correct rate. A Court can't really understand the cost structure and it can only look at the information in front of it at the moment. In the free market, the cost is left to the buyers and sellers to decide day-to-day, based on the knowledge they have.

Apart from this, there are various non-economic values that are infringed upon by a statutory licensing regime such as personal autonomy, independence, artistic independence in the case of creative goods etc.



Further, because of suppressed rates, there are no exclusive deals, so there's no creativity in business models and less money to invest in new artist development and in developing new business models.

**The value of music to the radio industry and fair value**

The radio industry runs on music- 83% of airtime (50 mins per hour) is devoted to music that and yet, only 1% to 2% of revenue is being paid. Globally, economists have used various kinds of bargaining methodologies and have determined that these rates would at least be 25% to 50% if the parties had to bargain in a voluntary market. Steaming services and iTunes etc. in the United States pay about 55%-70% of revenue.

Therefore, it is clear that this is not fair value.

**The leverage of radio industry today**

Today, radio industry revenues are not just limited to advertising revenues, but they have political revenues, content production and syndication revenues as well as revenues from an online presence. It is an INR 3,100-crore radio industry that pays only INR 60 crores to the recorded music industry. So, it is now three times the size of the music industry, and yet is still being subsidised on the back on the music industry- which is the one acquiring music and

running into losses and yet has no subsidy to rely on.

Further, the radio industry has access not just to 31 D, but also under Section 31(1) b- so even if the Intellectual Property Appellate Board (IPAB) fixes a decent rate, which is not acceptable to the radio industry, they can avail of that additional provision.

Therefore, there is an unfair bargaining power which ideally should be left to the market to correct as there is no market failure.

**The composition of the IPAB Board**

The Copyright tribunals in the US and the UK have members whose qualifications include economic as well as legal backgrounds in order to determine rates. This is not the case in India, which is detrimental, because economic considerations, market rates, growth of the industry etc. are all the factors that need to be taken into consideration. Therefore, IPAB must have members with backgrounds in not just law but also an economic background.

**Voluntary licensing**

From an economic perspective it makes sense today that we have voluntary licensing in this engagement to get a fair market rate to the content holders, as today both the parties are at a level playing field. In the longer run, it



Today, radio industry revenues are not just limited to advertising revenues, but they have political revenues, content production and syndication revenues as well as revenues from an online presence.





will improve quality and encourage diverse content (including local and regional music players of India), attract more investment in the music sector, and help it to gain traction even outside India. Eventually, this would also reach the artists and composers who have been losing out. China is an example which has grown exponentially because it has shifted to voluntary licensing and is now in the top ten music markets. It also added 40 million jobs in the music ecosystem. Further, the K-Pop boom (K-Pop is estimated to contribute US\$5 billion to the economy, Big Hit is valued at US\$1 billion dollars in 2019). This is not happening here because there is lack of FDI as our market is over-regulated.

Therefore, taking into consideration all these points, voluntary licensing would be beneficial to all in the long run.

#### **Possible solutions apart from voluntary licensing**

- 1) Set a standard of evidence that the royalty board should set rates, based on a willing buyer, willing seller standard.
- 2) Set a periodic review of rates.
- 3) Set a deadline on a determination of rates- the licensee always has an incentive to delay so take away that incentive to delay through penalties for delay or force them to pay the increased rate retroactively if they lose.
- 4) Must also take into account how any policy would benefit government and political stakeholders so they feel inclined towards it.
- 5) If radio must be subsidised, it can be in the form of a direct subsidy, one geared towards encouraging development of new technologies and diversity of content on the radio platform. It cannot be a subsidy at the cost of the recorded music industry.



# IFPI Global Board Meeting and Reception Dinner

20th November, 2019 



**Frances Moore, CEO, IFPI**

"It is not by coincidence that the IFPI Main Board is here in India. It is because there is a real interest of the business in the Indian market. India for the moment is the 15th Global market. The No. 1 market is the US, No. 2 Japan, India is No. 15. We do believe that India has the potential to be a top ten global market in a very short period.

You have so many of the elements needed to be a top ten market. You have a very young population who are interested in music. You have the development of technology with G-5, for example, developing across the country. With the right policies, India really has the potential to move very fast to become a Top 10 market."



**Yaduvendra Mathur,  
Former Special Secretary NITI Aayog, IAS**



"A lot of Indian content is being pirated overseas and in jurisdictions. That is cyber terrorism. There are saint voices which do say we need global agreements. Piracy definitely is a global issue and we need to be ruthless at the highest level. The whole eco system at the highest level need to see that piracy just like terrorism, is unacceptable. Violence is not the way forward, so piracy is not the way forward. The way E-Commerce is all panning out, it is imperative we move onto new technologies like blockchain or smart contracts which will make things seamless. I'm sure technology will bring in those filters."



**Ravi Kishan, MP and Actor**



"This industry has given me everything, today what I am is because of the music industry and India is a very big market."



# Keynote on Soft Power by Dr. Shashi Tharoor, MP



I was learning about the work of the Indian music industry and its wonderful name of what is it Foreign for phonographic, what's the F in IFPI? Federation!

Alright there you are which you know is in keeping with a country that is governing its I.T. on the basis of The Indian Telegraph Act of 1885 so phonographic sounds almost modern by comparison, in any case, I am delighted that you have rechristened yourself the IMI in 1994 and that you have been active in all the essentials things that need to be done to protect the recorded music industry which so many of us rely on, have relied on all our lives to give us musical entertainment and I must say that you are right my committee is the committee to which you'll have to address yourselves to see any changes in the laws.

We are currently discussing a rather weak amendment to the Cinematographic Act precisely because of a concern to cinema piracy and I am sure there are greater issues, my only concern with that one is that I

**"The fact is that even though soft power isn't enough, it is an extremely important element of what makes a country strong, effective and enables people to develop regard for it and this is why I congratulate all of you in the music industry for what you do for helping keep this indispensable asset of human culture and civilization alive."**



made clear to the officials that they needed to have a more comprehensive look at that act which is woefully out of date.

And in deed in most issues now, the world has evolved in such rapid speed that much of our regulatory framework our legal system needs to catch up and we are behind but I think Indians are very much on the cutting edge of many of these things and they would really be the right people to try and do this.

Now, you folks have asked me to speak about soft power and the subject I have probably spoken about is too much and for too long, some of you already had heard me on YouTube and whatever, forgive me for some repetition.

But tying soft power into what you all do is but of course why the topic is relevant because first of all just to get definitions right, since the person who came up with this term 'soft power' was an old friend of mine Joseph Nye at Harvard and Joseph Nye explained it very simply and clearly.

We all know what power is, 'power is the ability to get others to do what you want', right that's the simplest definition of it. There are three ways you can do that, there are, if you like inducements - carrots, you can give money, financial aid. There's sticks - you can threaten, you can use hard power of the ability of muscles, economic might and then aside

from carrots and sticks, there is a third element and that's what Joseph Nye calls soft power which is the power to move people, to attract people to yourself, to your culture, to your way of life and thereby to win their good will.

So if you have an ability to attract people through your cultural assets, your values, your foreign policies then of course you can economise on the sticks and the carrots and soft power therefore is both an alternative to hard power which everyone understands and in some ways it compliments to it, because even countries with hard power feel the need to soften the edges of their hard power to soft power, so you know Russia can march in the Ukraine and annex Crimea but the Bolshoi ballet is what they'd like to show you when you come to visit Moscow and that's part of trying to project their attractiveness or their culture or Beijing put on the Olympics and that wonderful grand opening ceremony what a showcasing of soft power! But what are the challenges is of course that your hard power can also sometimes undermine it.

So in the case of the Chinese, back in 2008 in the Beijing Olympics the attempt to project China as this wonderful soft power influence on the world would have worked very well except for one fact, a whole lot of journalists came to cover the Olympics and they began noticing

the repression, the silencing, the dissent and so on in China and they started writing about this, so the Chinese in order to appease international opinion and all the negative press they were getting announced that they would set-up seven locations around Beijing where people could come and stand and say anything they like including criticising the government complete free speech like Hyde Park corner in England, seven places around the city, there's only one catch if you wanted to speak there you needed to apply for permission and you can imagine what happened, every single person who applied was arrested, so it turned out that this seeming gesture actually was a short cut to identifying any potential dissidents and troublemakers before the Olympics and that needless to say did not exactly underscore or complement the soft power message of the opening ceremony.

So soft power rests on principally three sources - your culture, which of course has got to be an attractive culture or it won't help you, your values which also mean your political values - are you a democracy? Are you a tyranny? Will all of these things work for you and the foreign policies? Because if you have a morally sustainable foreign policy that will be great.

Now the US for example is unparalleled in its soft power reach,





you all know that everything we use in the modern world from Coke to jeans, from McDonald's to Kentucky Fried Chicken (KFC) to Microsoft Windows to Hollywood movies and Netflix everything else emerges from America and American culture and therefore there is very much this perception that America is the epitome of soft power in the world, but at the same time, you know using Microsoft Windows doesn't expose you to an extraordinary rendition or enjoying a coke doesn't necessarily mean you are going to be happy about Guantanamo Bay and so the use of hard power even by a democracy like the US can undermine the perception of soft power. And that's the interesting element of all of this.

The Chinese, for example, really spent a lot of money and effort in promoting their soft power, they have these Confucius Institutes around the world, there are over 500 Or 600 of them and often in many university campuses, I think in the US alone there are over a 100 Confucius institutes, then they have Confucius classrooms a 1,000 of them, trying to teach the Chinese language and they try and promote, of course, a positive image of China.

And this is something that it is not entirely new, it's really the entire approach the Chinese adopted, it goes to the good old French who were clobbered in the 1870 in the war with Prussia and they were even occupied by the Prussian soldiers and Paris was never quite the same again but when they bounced back having suffered this humiliating military defeat, they realised their best asset was indeed their culture and one of the first things they did on restoring their independence after the end of the Prussian occupation was to create the Alliance Française to promote French culture around the world, now everybody else is imitated them, so now you have the British Council, the Goethe institute and all of these I can name a dozen more of that nature and that's the overall idea, is that you can actually reach people in many attractive ways through your cultural products.

Now having said all of this, where does this come in, and I realised that many of you are visiting India and are perhaps discovering it in some cases for the first time, one of India's greatest assets is I know it may not feel like it when you step through the haze that envelops Delhi right now, is actually its soft power because though it does have this enormous population and it does have the world's third largest military and in purchasing power terms the world's third largest GDP as well, it is still, I think most distinguished by the fact that it produces through its culture a number of things that actually appeal to the rest of the world.

Indian cinema, for example, is an extraordinary calling card I mean an Indian cannot travel to Eastern Europe or even parts of China without encountering a taxi driver who will launch into a spirited off-key and poorly accented rendition of a Hindi movie song because these Bollywood movies have been shown in all these countries and remain very popular.

Bollywood dance, for example, seems to be extremely popular on many American campuses. I remember my son was travelling in China with a Han Chinese companion and of course wherever he went in the mainland of China or main provinces of China it was she who got all the attention and he was treated disparagingly as this accompanying barbarian, until he got in western China to Xinjiang and Uyghur country, where Bollywood reigned supreme and there she was ignored and he was hailed by everybody as Shah Rukh Khan,



so this was the kind of image that Bollywood has taken the consciousness of India to various people.

And its most serious than that, because Africans and Arabs, for example, in many ways are windows to them through this kind of soft power, I remember years ago meeting a African diplomat in New York who told me that his illiterate mother would take a bus every month from her village to the capital city, Dakar just to watch a Hindi movie, right, I mean the dialogue is in Hindi which she doesn't know, the sub-titles are in French which she can't read but our films are made to be understood despite such handicaps and she has a whale of a time watching all the singing and the dancing and the romancing and so

on and she goes back with stars in her eyes about India as a result, this is true in many parts of the Arab world and the days of the late dictator of Syria - Hafez al-Assad, it was said to me in all seriousness that the only portraits that were shown in Damascus as large as those of Hafez al-Assad, were portraits of Amitabh Bachchan, the then reigning Indian superstar.

So these are the kinds of things that project India's image to other countries, our television soap operas, which have spun off from Bollywood has had a similar impact, I mean for years the peak of the Afghan crisis when many Western countries had troops in Afghanistan with the raging war going on, India's biggest soft power asset was not the couple of billion dollars of our tax payers money

that India was spending in Afghanistan not even the biggest maternity and child hospital that's been built in Kabul, not even the fact that Kabul's has 24x7 electricity because Indian engineers strung up the wires into the mountains, not all of that, its biggest asset was the fact that a television opera soap to which 92 per cent of Afghan TV's were tuned happened to be from Bollywood for the Indians here it was the series named 'Kyunki Saas Bhi Kabhi Bahu Thi', now this is a family drama full of all the melodrama that larger than life situations and characters that Bollywood is famous for but it was one which absolutely captured the imagination was because it was dealing with family issues and those are in traditionally Islamic



Afghanistan hidden behind the veil so here was an opportunity to actually discuss family issues vicariously through the travails of this fictional family, and it became so popular.

I read a Reuters story, not therefore an Indian journalist spouting chauvinist propaganda but a British news agency from Afghanistan wrote about how the show was so popular that the religious leaders were complaining about the show that it was reducing attendance in religious functions during its telecast, there were stories of weddings being interrupted so that guests could cloister around the TV set for half an hour and then return to the bride and groom and there were stories of even crime going up during the telecast hours of the show, in fact, the Reuters story quoted an incident in Mazar-e-Sharif in which robbers, because all the watchman were busy watching the show rather than minding the store, the robbers stripped the car of every single detachable part, you know, windshield wipers, side-view mirrors, tires, mud-flaps you name and scrolled on the windshield in allusion to the show's heroine, 'Tulsi Zindabad,' long live Tulsi being the heroine of the show.

So these are the kinds of things that we talk about when we talk about soft power, we can talk about Yoga, India has persuaded the United Nations to adopt June 21 as International Day of Yoga and its celebrated now around the world and ever year you see pictures from hundreds of capitals of large numbers of people many of them with no Indian connection at all performing yoga in public places at that obviously adds to the civilizational image.

The role of Indian diaspora is no small thing because they too have been able to change the perception in many ways of what India's all about. I remember when I first went to the US way back in 1975 as a graduate student, I found that the stereotyped image of Indians was of snake charmers, fakirs lying on beds of nails, beggars sticking out a begging bowl from their skeletal bodies and you had to have a positive image it would be of a Maharaja sitting on a caparisoned elephant, none of which were typical scenes in modern India but that was very much the image.

Today it's the opposite, today you go anywhere and the assumption is that you are Indian you must be a software geek or a computer wizard because that's what India is now associated with in the popular imagination and I remember encountering a sweaty European gentleman who was extremely anxiously perspiring at Schiphol airport in Amsterdam a few years ago and he said to me, "You're Indian, you're Indian can you help me fix my laptop." I had to tell him I was a history major but these are things that happen.

And then doctors in the West it's a marvellous story but about 10-12 ago the No. 1 television hit in America was a show called E.R. which stood for emergency room and so when they first ran the pilot of emergency room it got good reviews for I don't know script and soundtrack and direction and editing and maybe the music as well you'd know more about that than me, but it was universally panned by the critics who all said zero for realism whose ever heard of an emergency room in America without an Indian doctor, so they actually after the pilot was

broadcast they had to go back and write in a major part for an Indian doctor which was then played by the star of 'Bend it like Beckham' - Parminder Nagra who played a doctor on the show and it then went on to be a No. 1 hit for many years.

So, there is again, there's a way in which the image and perception of India and Indians changed in recent years that constitutes all of this to soft power.

Now what about applying all of this to music, obviously Indian music is not as well-known as Indian food, Indian food is in a class by itself, I mean there's practically no small town in the world where you can't find an Indian restaurant or two, I didn't say it's a good one but it is at least an Indian restaurant and in the UK these are ubiquitous, in fact, there are so many of these so-called Indian curry houses in England that they employ more people, Indian curry houses in the UK employ more people than the iron and steel, shipbuilding, and coal mining industries combined. So, the empire can strike back!

In fact, the late foreign secretary Robin Cook, when asked what was the national dish of Britain replied without batting an eyelid 'Chicken Tikka masala,' and in fact he wasn't wrong and what even many Indians don't know is that chicken tikka masala was an Indian dish invented in the UK, what happened was a bunch of drunken football hooligans walked into a Indian restaurant and ordered Chicken Tikka which was promptly served to them and these fellows looked up at this chicken tikka as a dry dish and very belligerently asked where the gravy and seeing that they were large and very drunk the restaurateur decided it was better

not to argue and explain what chicken tikka was so he took it back to the kitchen opened a can of Campbell's tomato soup, poured in on the proceedings, tossed in some spices heated it up the mixture and brought it back and plonked it in front of these football hooligans and said, 'Chicken Tikka masala' but they loved it so much that they ordering more, people in the adjoining tables wanted to know what these guys were having and they ordered it, word spread and of course all the other Indian restaurants on the street were soon being asked for the same dish and this was how chicken tikka masala was born. I kid you not!

But again, can you imagine the soft power element in all of that. But even if Indian music isn't as ubiquitous as Indian food, it is widespread and there are many, many kinds of Indian music. There's classical Indian music, there's Bollywood music and there's something which is neither quite one or the other, whether it is fusion whether you call it any other term which has been effectively circulating around the world, there have been movements in India like SPIC MACAY which promoted classical arts forms, dance and music there have been also been other things, I don't know, no one in this room is old enough to remember the concert for Bangladesh back in 1971, there you are! And Ravi Shankar playing the sitar there at that point the ignorance of Indian music was so large that when Ravi Shankar started tuning his instrument he got a round of applause, people thought he had just played some part of a raga and he had to explain, sorry I am just been tuning my sitar. Now starts the music but he did get to place sitar music on the American consciousness and you know its not surprising you all know how Live Aid in 1985 reached a billion and a half television viewers to raise millions of dollars for the famine-stricken children in Ethiopia and its striking after all that it was organised by three musicians one a lyricist one, one who provided the melody and the third provided his voice and of course the single which was marketed around the name band-aid I recall, sold over three million copies, so you know that the idea that music can actually get a larger message across is widespread and understood and in India, God knows we could certainly use this sort of thing.

We've had for examples our challenges in our own neighbourhood one of the biggest most passionate audience for Indian music is across the border in Pakistan but because of the various tensions between the two countries these aren't things which can very easily unfortunately people can't easily move across but music does and its very interesting for example that Coke Studio the platform that has brought together classical performances live and sometimes mixed or fused in modern music has gained a colossal number of admirers, people say that perhaps more people will watch or listen to the music on Coke Studio than drink Coke, and Coke Studio both in India and Pakistan has fans in the other country and this something that suggests you have a tremendous amounts of possibilities for music to play a role in helping promote people to people relations and fostering a mutual sense of harmony and adoration even without the backing of any official endeavours from countries.





My friend Salman Ahmad who is the lead guitarist for Junoon his family hails originally from the Indian town of Patiala and when he came over from Pakistan with his group that went to Patiala not only was he overwhelmed enough but he sang the song on the spot in Patiala, the music video which became a big hit in Pakistan. You can see how music can contribute to promoting these relationships.

Now of course, all of you are facing your own challenges and you know more about them than I do so I'm not going to pontificate but I think one of the things that should give you all heart is precisely the point that your efforts your music and what you do to keep its quality high and accessible can move the world, people like to sing they may not be terribly good at it sometimes but they do sing and people like to hear, other people sing and that ultimately is part of what connects human beings to each other there is of course music that is not sung, and that too is listen to and admired but when we speak about soft power, we are speaking about what a particular form of culture can do to make a particular country attractive I mean no one can doubt the extraordinary influence of Opera in raising the image of Italy and to some degree of France, no one can doubt of course the significance of ballet in the perception of Russia around the world and so on. And I think in

India's case its mainly through Bollywood our music is getting out but there are these other avenues I've mentioned to you as well whether classical or fusion.

And with all of this people who are not necessarily otherwise well dispersed with India who may not be tempted to visit as you have been as they have been put off by what they read or the pictures they see or the air they are obliged to breathe for some months of the year in Delhi, despite all that they would be a certain sense of, if not affection then at least, liking for a country that produces music you enjoy listening to, that I think ultimately is where music and soft power intersect.

Any country that wants to impress the world needs soft power its not the only thing it needs because we all know that the Bombers of 9/11 had their last meal in McDonald's it didn't make them any less willing to crash their planes into the World Trade Centre and we know that there are unfortunately in our own experience Jihadist terrorists in our country whose last earthly act was watching a Bollywood movie before they came and blew up a movie theatre but the fact is that even though soft power isn't enough it is an extremely important element of what makes a country strong, effective and enables people to develop regard for it and this is why I congratulate all of you in the music industry for what you do for helping keep this indispensable asset of human culture and civilization alive.

# Friends of IFPI Awards

**CELL FOR IPR PROMOTION AND MANAGEMENT (CIPAM)**



For their stellar activities and services rendered in the field of Copyright Education and Evangelisation at various levels.



Frances Moore, CEO, IFPI & Hoshiar Singh, ITS, Registrar of Copyright

# MAHARASHTRA CYBER DIGITAL CRIME UNIT (MCDCCU)



In appreciation for their outstanding contribution in the field of Copyright Protection



Frances Moore, CEO, IFPI and Brijesh Singh, IPS, IGP Cyber



Brijesh Singh, IPS, IGP Cyber



(L to R) Frances Moore, CEO, IFPI; MCDCCU: Brijesh Singh, IPS, IGP of Cyber; Vijay Khaire, DYSP; Laxman Kamble, PI; and Hrishikesh Devgude, Analyst



# IFPI-India Day

21st November, 2019 





IFPI India Day took place on the 21st of November 2019 at The Oberoi New Delhi. The meeting included board members of IFPI, representatives of IMI, TM Talent Management and One Digital Entertainment. The meeting started with Tarsame Mittal, the Founder of TM Talent Management, one of the leading artist management agencies in the country. His talk comprised of an introduction to his agency and what they do and have done for music in India. He broadly talks about the artist landscape in the country and how it has evolved over many years. He also gives an insight on how the independent music landscape has come into the recorded music industry and has swept audiences from all over the country. The independent music he refers to is all non-film music that is prevalent in the country. Further, he lets to the importance of live music for artists and how ticketed concerts, corporate events, private events, etc., are all a major part of the artist income. His talk covers major aspects of the recorded music industry as a whole, from live events to artist management to Bollywood music.

Gurpreet Singh, Co-Founder and COO of One Digital Entertainment, speaks about digitising music and again talks about the evolution of this aspect of the recorded music industry. He talks about how artists, and specifically independent artists have managed to gather an audience and promote their music themselves with the help of social media and how this in turn relates to brand building. He also touches upon the ticketing companies in the music industry and how they adapt their business model to suit the label, artist and consumer sighting examples.

- In India there are different kinds of artists, where people don't just listen to music, but watch music. Music came as a part of the film culture. 1990 was the time when the non-film pop music came into space. The decline of music sales led to none of the music labels and companies investing in non-film music. The primary reason is the scale. According to Tarsame Mittal, today if you make a song, the average spend is USD 50,00 to USD 100,000 including promotions.
- Tarsame Mittal says, we have an audience for music in more than 8200 cities abroad.
- In the 90s and 80s there was not much space for independent music.
- People have different perceptions of what independent music means. In India, any film music is "non independent music".
- Bollywood is not a genre. The Hindi Film Business is what is regarded as Bollywood. The music industry is prevalent in almost all the various languages in India. Regional music industries are now going through a boom because of YouTube etc. Hindi Film dominates India because they have the power of money, promotion and they have the star value. Songs in Bollywood get more attention because actors and actresses are part of it.
- Universal, for example has recently started VYRL. They have realised that if you make music for movies, the average breakeven time is 5-6 years. So, most of the labels have started releasing non film content now.
- We are not primarily an English-Speaking country, and according to Tarsame Mittal, 15-20% people listen to English music, out of which 75% purely listen to it because of peer pressure. Despacito for example, nobody understands the song but everyone heard it because it was "the song" to listen to at the time. Shillong, for example, is heavy with English music and more so with heavy metal and rock music. The culture there is very western, there are a lot of places where it is like that. The young generation is listening to music, and if you have any music which can connect to 12-18 years old, that's the place where you want to be.
- There is a festival in India called Dandiya, which is one of the biggest festivals for Gujaratis. There is lot of folk music associated with garba and dandiya. "Chogada" was a song made with the intention of being played for dandiya. "Why this Kolaveri Di" is a song that became one of the first viral Indian songs.



# IMI–FICCI–IFPI Digital Piracy Seminar

21st November 2019, The Oberoi, New Delhi



## (Excerpts from IMI-FICCI-IFPI Digital Piracy Seminar Report 2019)

The Indian Music Industry (IMI), in association with the International Federation of the Phonographic Industry (IFPI) and Federation of Indian Chambers of Commerce & Industry (FICCI), organised a seminar on Digital Piracy on November 21, 2019. The seminar saw participation from various stakeholders in the music industry.

The objective of the seminar was to discuss pertinent issues relating to digital piracy including intermediary liabilities and preventive measures to effectively tackle digital piracy.

India, with its rich musical heritage and passionate music fans, has the potential to move from its current position as the 15th largest music market in the world into the top 10 in the next few years. To achieve this, we must tackle the issue of piracy and allow legitimate music services to thrive. More effective

procedures are needed to ensure that unlicensed services cannot be accessed from India. The law should ensure that all online platforms negotiate licences for the music they distribute. We hope India will seize the wonderful opportunity it has and begin the next chapter on its rich and exciting global music journey

There are many livelihoods involved in the creation of music and the entire creative process has investments and economics driving the sector. But, as long as there are revenue leakages in the chain of monetisation because of piracy, fair value to all these livelihoods will always remain a pipe dream. The time has come for the government to introduce administrative measures to empower the executive and bring immediate but also long-term relief from this cancer called music piracy.



# Event Highlights



**Welcome Note by  
Dipankar Barkakati,  
Director and Head,  
IPR and FICCI CASCADE**



**Keynote-  
Narendra Sabharwal,  
Chair, FICCI IPR Committee & Former  
Deputy Director General, WIPO**



"Online piracy poses the biggest hurdle to the growth of the music industry in India. Piracy has caused severe revenue leakages in the monetisation of music for their creators. If the menace of piracy is not curbed, it will hamper the fair value of music from reaching its creators."



**Keynote -  
Lauri Rechartt,  
Chief Legal Officer, IFPI**



"Piracy levels in India are still very high which is a concern for the creative ecosystem as it continues to erode legitimate digital market players. In a nutshell, there needs to be more effective measures and procedures to tackle piracy. There needs to be more efficient and effective website blocking orders so that consumers in India do not unwittingly stray into pirate services."



**Presentation on Music Consumer Insights- David Price, Director, Consumer Insights and Analysis, IFPI**

“Piracy is the issue of demand and supply. India has the ability to make and meet demand to give people access to music through licensed services. However, the supply of music is an issue as piracy sites are often located outside of India. Therefore, using domestic enforcements is very difficult to address the external supply of unlicensed content as the legal process is lengthy and expensive.”



**China's Measures against Piracy – “Sword Net Action” by Jenny Wong, Asia Regional Director, IFPI**



Sword Net Action is joint campaign targeting copyright infringement on the internet by the Chinese administration. It was launched in 2005 by the National Copyright Administration of China and is supported by a number of agencies such as the CBC which is the Cyberspace Administration of China, the MIIT (Ministry of Industry and Information Technology of China) and the PSB (Public Security Bureau).

The unique nature of Chinese websites is characterized by the rule that every website in China needs to be registered. They need an ICP (Internet Cache Protocol) Registration

### The benefits of Sword Net Action

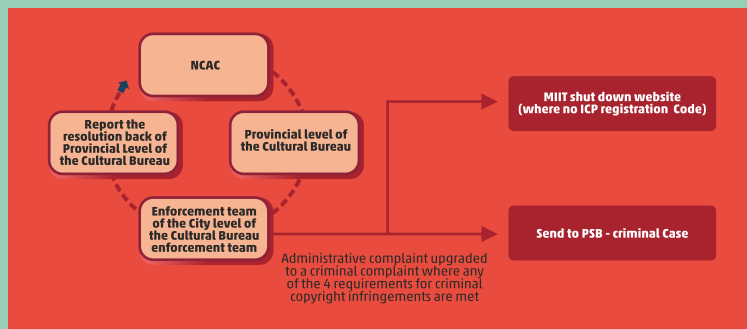
- **High take down rates by ICPS**  
98.8% takedown rate in China 2018, meanwhile 45.1% in India
- **Reduction in individual infringing websites**  
In 2015 there were 300+ China infringing websites in our list in 2019 we had onl 71
- **Local culture enforcement team works closely with IFPI to understand new techniques and investigative skills for inline piracy**
- **Costs (time, manpower, expense) are low, with high resolution rate**

which means they have to provide details such as ownership details of the website and the location of origin (region of origin). This is all monitored by the MIIT.

All websites in China are mandatorily required to display their ICP Registration Code. Because of these mass registrations, anyone can choose to visit the MIIT website, look up a registration code and find out the owner and location of the website.

For India to replicate the success of China, it is important to develop a fast and efficient system of website blocking option which is administrative.

### The Sword Net Process





## Panel Discussions



### Panel on Preventive Measures Now and Going Forward: The Best Possible Scenarios

(L-R) Amarjit Singh Batra, Managing Director, Spotify; Raju Singh, Board Member, Music Composers Association of India and Indian Performing Rights Society (IPRS); Sanjay Tandon, CEO, Indian Singers' Rights Association (ISRA); David Price Director Consumer Insights, IFPI (International Federation of Phonographic Industry); Oindrila Maitra, Director (Legal and Business Affairs), JioSaavn; Vipul Maheshwari (Moderator), Co-Chair, FICCI IPR Committee and Managing Partner, Maheshwari & Co.



### Panel discussion on Intermediary Liabilities

(L-R) Ameet Dutta (Moderator), Partner, Saikrishna & Associates; N S Nappinai, Legal Activist & Advocate, Supreme Court & Bombay High Court; G.R. Raghavendra, Joint Secretary, Ministry of Law and Justice, Government of India; Lauri Rechart, Chief Legal Officer, IFPI; Nikhil Pahwa, Founder, Medianama



# Interview with Blaise Fernandes, President & CEO, IMI

## at Music Inc 3.0 by Anurag Batra

### What can one do to educate themselves about music trends?

Bob Lefsetz is a renowned music scholar and a trend spotter globally. He has called the music industry the 'canary in the coal mine,' when it comes to disruptive trends. There are a lot of people who are very keen on the music industry who come to these forums to understand more about the music business and the recorded music industry. I would like to recommend that there are some global trend spotters and thought leaders like Bob Lefsetz and Cherie Hu, you have to follow them. I think Vikram, and a couple of my board members, very often, tweet and do a lot of activity on social media on the trends. You could follow these blogs to understand where the industry is moving and how the industry is moving, especially for the people keen on following careers in this industry.

### Why do you say that the music industry is like a canary in a coal mine? Will the music industry recover from COVID?

I'll get back to the quote that I gave you, what is the significance of a canary in a coal mine. Allow me to digress a bit- in the old days when miners went into a coal and there were no warning system or technology to warn them of a potential gas leak or a potential danger. So, they carried a canary in a cage and when the canary began

to flutter its wing or if it died it was the first sign for the coal miners to evacuate because they knew it was gas leak. Likewise, Bob Lefsetz calls us the canary in the coal mine because every time from near deaths, we rise like the phoenix. We've seen disruptions in technology and time. Yet, the music industry rises up like the phoenix and I'm very confident that given our track record, even post COVID, we will come back stronger. We will come back harder having survived a number of disruptions.

Having said that COVID is not the black swan moment but it is the grey rhino moment. There is a big difference, a grey rhino running across can have a devastating effect. That is the kind of wild grey rhino that the effect of COVID is having, not only on the record music industry but also for the global economy as such.

### How does India compare to countries like Brazil, China etc., in terms of growth and complexity?

To set the context, let us take a glimpse at the recorded music industry. In 2019, India had some very disappointing numbers and I feared what it would be in 2020. We were growing at a fairly good growth rate of 25% in 2018 to drop to 18%. I compare India to Brazil for two reasons. First and foremost, the government of India, accepts India as a BRIC country, which is



**Bob Lefsetz, a renowned music scholar and a trend spotter globally, calls us the canary in the coal mine because every time from near deaths, we rise like the phoenix. We've seen disruptions in technology and time. Yet, the music industry rises up like the phoenix and I'm very confident that given our track record, even post COVID, we will come back stronger.**



Brazil, Russia, India and China. I'm not even getting into China because that's for another day. I'm just giving you a comparison of where we stand from apple to apple. Brazil like India is a very vibrant democracy, varied culture, family culture. Brazilians love their soccer, we love our cricket, they love their telenovelas, we love our telenovelas.

I think, we have an advantage. We have a diverse culture, but Brazil by and large speaks Portuguese and dialects of it. India has a diverse culture, despite this diversity, despite this number, despite all the digital penetration, we are still not even close to Brazil in terms of numbers. We got about USD 133 million in terms of our deficit; this I think is something which requires structural changes in terms of policy. I think the recorded music industry is ready for that. I think the government needs to come out with a number of structural changes and that will help push us to the next level.

**Is there a silver lining for the Indian music industry amid this pandemic? Are there any hidden positive outcomes of the global pandemic?**

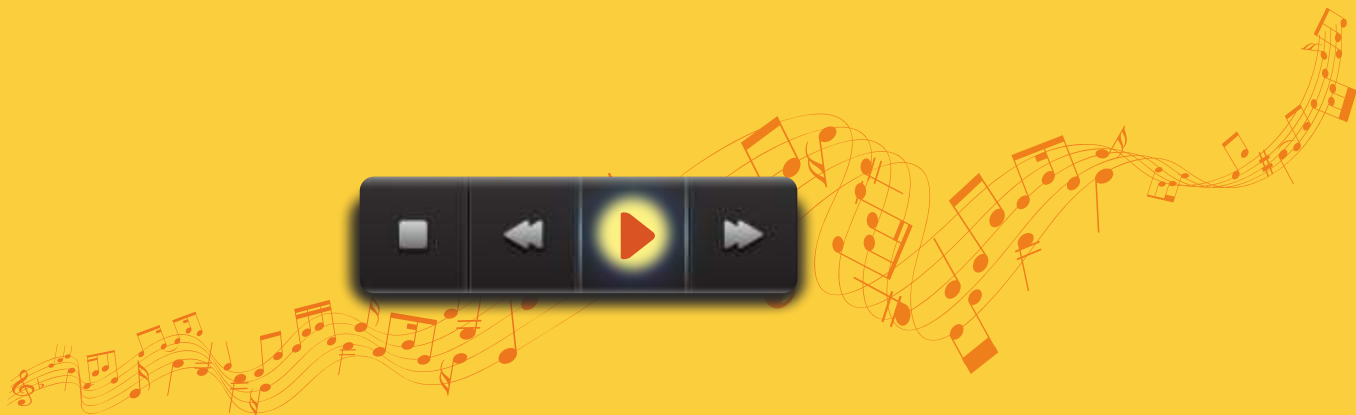
Of course, COVID has put the brakes on the recorded music industry, and keep in mind, 70 per cent of our industry is original sound track (OST) predominantly Bollywood, but also, Tamil, Telugu, Malayalam. No films being released means no sound tracks coming out and that is a rough back of the envelope calculation of INR 250-300 crores of losses each passing Friday, which are accumulated loses a back of the envelope calculation very difficult to put these numbers together but we will probably get a clearer picture at the end of the year.



This is money put by music labels to the producer as advances and that inventory is stuck, so that's going to cause a huge impact on our final bottom-line at the end of the year. But I said we are the canary and the phoenix and I-pop and a lot of labels today now working from home and working within the ecosystem that is available and you are still able to see some good trends. For example, Genda Phool, in March 2020, had 100 million views on YouTube and is currently at 338 million. Sagarika which is a local label, during COVID has released 12 singles and 12 albums. Saregama has remastered 11 thousand tracks which are now going to be new soundtracks for the market, these were from their archives.

The good news is that despite COVID, India's digital story is COVID resistant and I think this is the same across the world. The kind of investments coming to Jio, we see reports of other telcos collaborating with big tech companies, which is a positive sign. We also have positive news for the recorded music industry and the India story is still vibrant. You have Believe Music, an IMI member, ramping their operations last year. Warner Music set up its own operations in India. These are two examples, there are many other examples. Believe acquired a major Bollywood label last year, Venus, that I think is the positive story.

Again, globally, COVID maybe impacting a number of industries, but the global recorded music industry is very buoyant. It is evident from the fact that UMG today has a USD 30 billion valuation, Warner Music group has a valuation of USD25 billion



When you look at India as a destination market the fact that the IFPI global board had their annual board meeting in Delhi, in the year 2019, it is another sign of confidence that the recorded music industry globally thinks that India is a very high potential market.

and this has all happened in the last six months. Thanks to a lot of investments coming into these markets, into these companies they are going IPO, so I think that is a very positive sign. Tom Cruise in the movie Jerry Maguire says, "Show me the money," and yes, the money is there. In India, we've had an 18% growth rate which everybody would expect is a good growth rate. But for us it is a poor growth rate as we plan to be among the top 10 markets in the world by 2025.

**Will India be able to reach its goal of entering the top 10 markets?**

For us to reach that destination it is going to be a long ask with COVID I think to be in the top ten markets by 2022 will be a stretch probably looking more like 2025. In India, when I'm saying follow the money - two weeks ago Saregama hit a up a circuit for three consecutive days. So, the investor community, very important, is bullish on the music industry and that kind of buoyancy gives us the self-confidence. Again, when you look at India as a destination market the fact that the IFPI global board had their annual board meeting in Delhi, in the year 2019, it is another confident sign of confidence that the recorded music industry globally thinks that India is a very high potential market. I think it is important to kind of factor in we need FDI in India aside from local investments to ensure that the

industry rises and with the rising of the tide, every tide rises and Vikram very rightly pointed out everybody in the value chain is going to benefit with these rising tides.

**How has I-pop changed from early years to what I-pop is now?**

Alright, so another important factor that came through in the last year is we saw I-pop re-emerge. I remember in the 1990's I-pop saw its first emergence with Bombay Vikings, Colonial Cousins, Daler Mehndi, Lucky Ali and Shaan. All these artists were from the Magnasound era of I-pop. I think we are seeing that revival starting slowly. Even in that era you had bands such as Euphoria and Indian Ocean, we are seeing that happen again. I think the trigger was Honey Singh's album International Villager in 2011, which bought back the trend. Today 30% of Indian music is in the independent stage, our wish is likely to have more and more independent artists to emerge onto the national stage. And a small trivia Prateek Kuhad's song Cold Mess was listed by Barack Obama as his top 20 most songs in the year 2019. That is the soft power and that is the power of independent music in India.

**Can the recorded music industry reinvent itself?**

As I said, the recorded music industry knows how to reinvent themselves. These are small



examples. We haven't yet tabulated what all the labels have done across the country, but I can guarantee, you could see a lot of Tamil indies, Malayalam indies and Punjabi indies coming out in COVID because there are no original soundtracks. We are reinventing ourselves because new music needs to be generated.

**Obviously Covid-19 has played a drastic role and changed business model for most industries. How has it affected the music industry?**

The recorded music industry has played a very positive effect during COVID-19. Everybody knows the therapeutic and healing value of music. Globally, it is proved, there's no dispute about that. The Indian music industry has powered, today we have recorded statements in the media through surveys and press statements that state OTT services have grown by 42% and radio has grown by 23% in the whole COVID lockdown. It is contributing to the ecosystem as well as to national health due to the therapeutic effect of music as is known to everybody, as I've said before. What are the positives which help us in going forward and would probably help us? I think we welcome the dynamic injunction decision by the Delhi High Court, that's going to be a positive keeping in mind that technology is changing and the laws need to change now. It all depends on the implementation of the dynamic injunction decision that has been taken by the Delhi High Court. Online music and online concerts are the new normal till we get back to normalcy. The recorded music industry is doing everything in its capacity to ensure and support the concept and ensure in smoothening the licensing process we are working hard at it across all labels and we will make sure that this disruption will probably give rise to a new revenue line which is online music concerts.

**Do you have any last words to impart us with?**

The recorded music industry is nothing without the creative community. It is always our effort to make sure that we work across all stakeholders and to make sure that the waterfall reaches all its tributaries. I will stop at this final quote which I have said before, the recorded music industry will come back stronger. In the words of Frank Sinatra, in his song, "We took the blows the records show," but we made our way through re-calibration and innovation.

(This is an edited transcription of the speech delivered at Music Inc by Anurag Batra held on a virtual platform on Dt. 20-Jun-2020)

# IMI COVID Impact

## Indian Music Industry, heavily dependent on cashflows, hit hard by Coronavirus; Smaller Labels Face Existential Threat

The Indian Music Industry's members whose existence is solely dependent on releases of feature films, public performance revenues from events and concerts amongst others have started to suffer on account of drastically reduced cashflows as film releases have been stalled and public performances revenues have dried due to cancelled music events and F&B outlets being shut.

IMI members follow a business model where they pay minimum guarantees (MGs) to film producers who demand substantial money upfront, well in advance for film music acquisitions. The music industry's money is locked into film releases which may now be indefinitely postponed with no signs of predictable recovery. Around 80% of revenues come from film music for the recorded music industry.

Another fall out is the large numbers of artists, technicians, sessions musicians being rendered unemployed with the closure of film production, live events, F&B sector.

Vikram Mehra - Chairman, IMI stated, "we are indeed looking into a financially unstable situation in the near to medium term.

Consumer attention is centred around the virus and hence softer industries like ours are the first to be hit. Recordings being cancelled and postponed means many daily wage musicians supporting their families will face a hard time and record labels will not be able to recoup their investments- either paid as MGs to film producers or investments in independent music called IPop"

According to Tarsame Mittal of TM Talent Management: "The events industry is hit hard due to concerts getting cancelled and many artists, support staff who depend on their concerts for livelihood, especially the smaller stature artists and new artists are the worst hit."

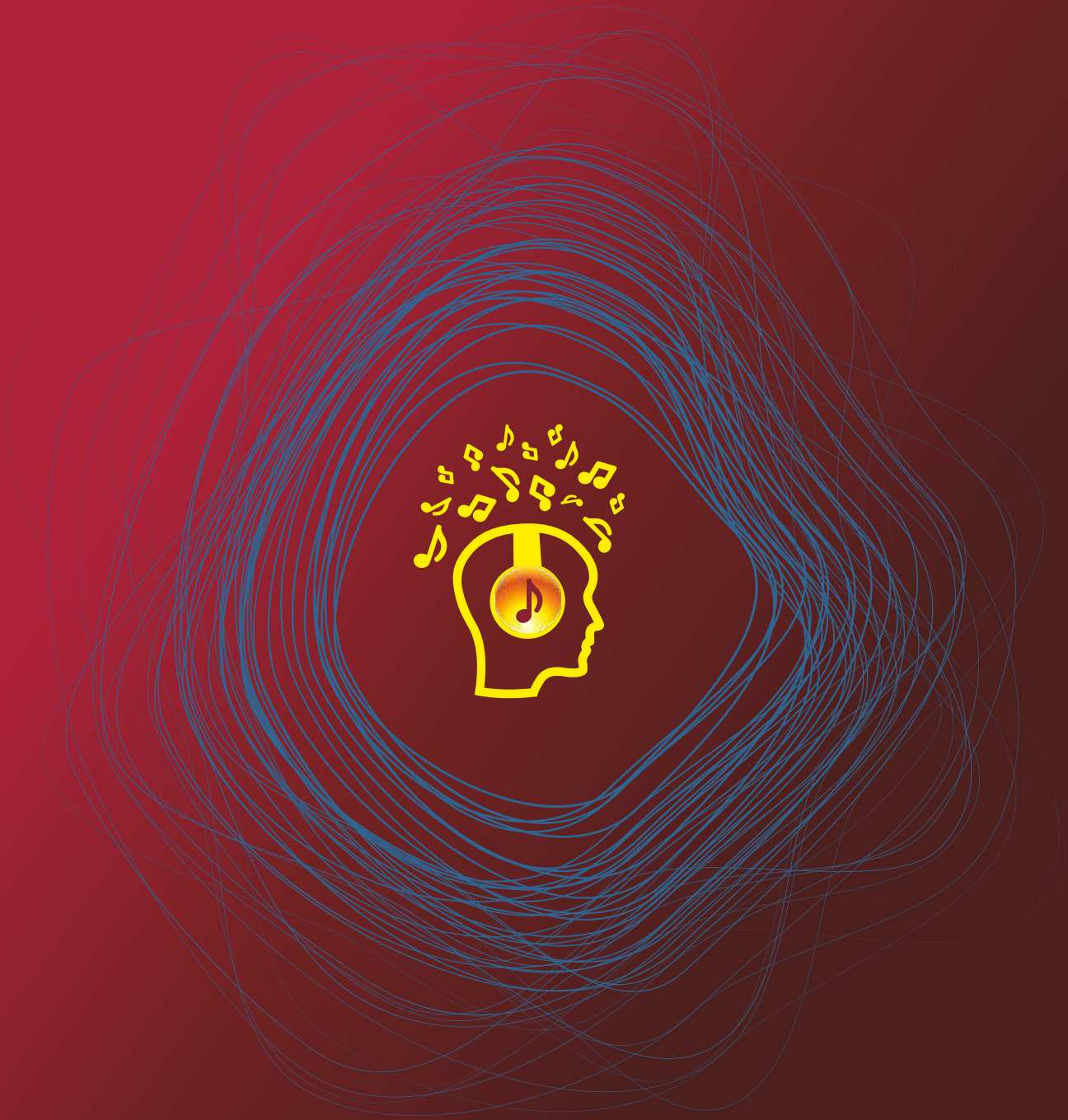
According to Rajat Kakar, CEO PPL India: "Public Performance income, a large part of the music industry's livelihood especially that of the smaller music labels who survive on this revenue source has taken a beating due to cancellation of

events. These smaller labels need public performance revenues to survive."

Said Blaise Fernandes, CEO and President of IMI: "The silver lining in this bleak outlook is COAI asking OTT Service Providers to lower the quality of feeds, that's an indicator that the OTT services are doing well given the work from home situation. This will translate into revenues for the copyright holders in the industry going forward. This is apart from the suffering of the daily wage music bands who perform music at weddings and other social events.



<https://www.medianews4u.com/indian-music-industry-heavily-dependent-on-cashflows-hit-hard-by-coronavirus-smaller-labels-face-existential-threat/>





**For Queries:** [info@indianmi.org](mailto:info@indianmi.org)

**Editorial Coordinator:** Dema Therese Maria

**Edit:** Nikhil Dasari, Amanda Soares, Krishna Sanghvi, Mridula Dalvi, Christopher Rodrigues, Aarya Gadkari

**Design by:** Designism Corporate Communications & Graphics

**Twitter:** @IndianMusicorg

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