IPRS TARIFF REVISION

STAKEHOLDER CONSULTATION

Date of Publication : 7th February 2025

I. INTRODUCTION

A. ABOUT IPRS

1. The Indian Performing Right Society Limited (IPRS) is a Copyright Society established under Section 33 of the Copyright Act, 1957. IPRS represents the rights of music **CREATORS**, including lyricists and music composers, and **PUBLISHER OWNERS** (music companies and film producers) who hold copyright in lyrics and musical compositions. IPRS oversees the administration of literary works, specifically "**LYRICS**" and "**MUSICAL COMPOSITIONS**".
2. IPRS acts as an **ASSIGNEE** of Rights in Literary and Musical Works as assigned by its Lyricist, Music Composer and Music Publisher Members in favour of IPRS.
3. With the 2012 amendments made to the Copyright Act of 1957, the obligation to independently compensate Authors and Music Composers is now firmly established by a clear statutory mandate. The Indian Performing Right Society (IPRS) represents this statutory mandate, as outlined in the 3rd and 4th Provisos to Section 18, as well as Section 19 of the Act, which authorize the collection of an equal share of royalties, or the Right to Royalty, on behalf of its Author and Music Composer members. Furthermore, the Right to Royalty extends to works owned by Music Companies that are not members of IPRS but were created by Author and Music Composer members of the Society.
4. IPRS is India's only registered copyright society that represents authors, music composers, and publisher owners (music companies and film producers).
5. IPRS is revising/ amending its Tariffs originally introduced in the year 2018 to reflect the increase in its membership and consequent significant expansion of its music Repertoire and to align with the changed business ecosystem and economy.
6. The last revision of the IPRS Tariffs for Internet/ Broadcast-TV/ Radio/ Mobile Operator Services/ Karaoke/ Sale & Rental of Cinematograph Films or Sound Recordings was w.e.f 1st April 2018. Similarly, IPRS' Tariffs for Public Performance were last revised w.e.f 1st July 2018.
7. Over the past seven years, IPRS membership has exponentially increased from 4,646 to over 16,000+ members spread across India, tremendously increasing the music repertoire administered by the IPRS. This expansion of the IPRS membership also reflects a significant value addition in the form of a diverse array of music creators and music publishers, both big and small, representing a diverse array of music genres, exponentially increasing IPRS's market share in the music publishing space.
8. The expansion of the IPRS membership base is a clear testament to the remarkable growth of the music catalogue managed by IPRS, a change that music users cannot afford to overlook. This growth is not merely numerical; it reflects a vibrant

community of creators, with membership for authors soaring from 3200+ in 2018 to an impressive 14,610 today.

9. Moreover, the addition of music catalogues from leading music publishing companies in India, such as *Super Cassettes Industries Private Limited, Zee Music Company,* and *Lahari Recording*, significantly enhances the variety of works that IPRS administers.
10. As a result of the above, music users who obtain licenses from IPRS now enjoy a vastly expanded selection of music from India and around the globe, all available at the same competitive rates. Yet, despite this substantial growth, it is crucial to highlight that the current tariffs do not adequately reflect the fair value of the royalties owed to our authors and rights holders. A revised tariff structure, therefore, recognizes the contributions of these creative forces, ensuring they receive the rightful compensation they deserve. The revised IPRS Tariffs will also consider the effect of inflation on the author members of IPRS, who depend on receiving reasonable royalties as a source of income in their twilight years. Additionally, it will reflect their contributions to the culture and soft power of the Indian music and cinema industry.
11. IPRS also aims to align its Tariffs with the prevailing Tariffs enforced by similar entities, namely PPL and Novex, which administer sound recording rights with approximately 480 and 10 members, respectively. The average Tariffs of PPL and Novex are in many cases as high as 100 percent approximately higher than those of IPRS. Consequently, although the Supreme Court of India ruled in 2008 that the rights in literary and musical works are not inferior to those in sound recording works, market realities indicate that the Tariffs of IPRS, which administers the rights in underlying works, are significantly lower and therefore do not accurately reflect the value of royalties owed to its members The tariff revision will also address the transactional costs and practical difficulties faced in and effectuating IPRS Tariffs under the legal and statutory framework over the past seven (7) years and endeavour to make the Tariffs practical and efficient to administer.
12. IPRS is committed to ensuring that any amendments or revisions to its Tariffs are logical and grounded in a robust rationale. We understand the importance of aligning our decisions with the prevailing economic landscape and adopting best practices from around the globe. As we revise our Tariffs, we are especially attentive to the needs of smaller entities, ensuring these changes do not unduly burden them.
13. To achieve this, IPRS has engaged with a top advisory firm and has taken the commendable step of conducting a user group consultation through our website. We invite all stakeholders to contribute their insights by participating in this consultation process, which we've made public through an official notice. Once the consultation is concluded, we will present the revised Tariffs to our members for their approval, ensuring that our decisions reflect a collective voice and serve the best interests of all parties involved.

II. <u>OBJECTIVE OF THE CONSULTATION PROCESS</u>

IPRS is committed to fostering transparency and fairness through this vital consultation process. Engaging with user groups helps us understand the financial and operational impacts of tariff increases across various industries. This collaborative process enables us at IPRS to make tailored adjustments that ensure tariffs remain reasonable and do not unfairly burden any group. Moreover, this consultation process is key in minimising disputes, promoting cooperation, and encouraging voluntary compliance among stakeholders. A well-structured consultation process enhances IPRS's credibility and creates a balanced ecosystem that benefits rightsholders and users, driving progress for everyone involved.

III. TRENDS IN USER GROUPS

India's flourishing Events, Hospitality, and Retail sectors underscore the rising significance of intellectual property and creative content to the economy. The greater utilisation of music within these thriving industries warrants higher royalty and licence fees under the IPRS tariff, ensuring fair compensation for creators and rights holders.

Event Industry:

1. The live events sector in India has seen remarkable growth, recording a 20% increase in 2023 to reach INR 88 billion, exceeding pre-COVID levels. With a projected CAGR of 18%, the segment is expected to reach INR 143 billion by 2026. The primary growth drivers are government-sponsored events, personal celebrations like weddings, and international ticketed events.
2. The surge in premium and international properties, alongside expanding markets in Tier-II cities such as Surat and Jaipur, has amplified the use of music and performances as core components of event experiences. Large concerts (5,000+ attendees) are forecast to grow from 200 in 2018 to 300 by 2025, while smaller concerts are projected to double from 7,000 to 15,000. Iconic performances by international artists, such as Coldplay's 2024 Mumbai concert and global festivals like NH7 Weekender, have reinforced India's status as a live music hub.
3. Given the crucial role of music as a centrepiece for events, there is a compelling argument for aligning royalty rates with the increasing value generated by performances. The industry's emphasis on sustainability and innovation further highlights the opportunity for rights holders to make contributions to event planning and execution.

Hotel Industry:

1. India's hospitality sector is pivotal in the nation's tourism-driven economy, blending traditional experiences with modernity. The market is expected to grow from US$ 24.61 billion in 2024 to US$31.01 billion by 2029, with a CAGR of 4.73%. This growth is reflected in rising ARPU, which is forecasted to reach US$174.1 by 2028.
2. Hotels and hospitality services increasingly incorporate music and performances to enhance guest experiences, particularly in premium segments. Premium hotel occupancy rates are projected to reach 70-72% in FY2024 and FY2025, driven by domestic travel, destination weddings, and business events. Average Room Rates (ARR) are anticipated to range between US$ 94.06 and US$ 96.47 during this period.
3. Government initiatives such as "Incredible India" and technological advancements drive innovation in customer experiences. Music is a critical element in creating

ambiance and customer engagement, particularly in destination weddings and MICE tourism, making the case for equitable remuneration for music rights holders.

Retail Market:

1. India's retail market, accounting for over 10% of the GDP and 8% of employment, is a dynamic and fast-growing sector. The market is projected to grow annually at 10%, reaching US$ 2 trillion by 2032. Organized retail's share is set to expand from 12% to 25% by 2030, while the e-commerce segment is expected to grow to US$ 91.24 billion by 2029.
2. Retail environments frequently use music to enhance customer experiences and drive sales, with studies showing its positive impact on consumer behaviour. As Reliance Retail and other major players record substantial customer engagement—with 1.2 billion customer transactions in FY2024—the integration of music into retail strategies is becoming increasingly significant.
3. Digital payments and evolving consumer preferences further fuel organised retail's growth. This highlights the increasing use of copyrighted music in retail spaces, underscoring the need to revise royalty structures to genuinely reflect the value that creators bring to this booming sector.

IV. ISSUES FOR CONSULTATION

1. **RB Tariff-** Restaurants and Bars (Coffee Shops, Dining Rooms, Lounges, Cafes, Office Canteens, Eating Houses, etc.).

    (a) How is music used in your establishment (e.g., background music, live performances, DJ nights)?
    (b) What impact would an increase in royalty tariffs have on your business operations and pricing?
    (c) How much of your revenue can be attributed to the ambiance created by the music you play?
    (d) How significant are your current music licensing fees compared to other operating costs?
    (e) Should tariff rates vary based on seating capacity, business size, utilised business area/space or revenue?
    (f) Should specific operational challenges (e.g., multiple branches, fluctuating footfall) be considered?
    (g) How often do you refresh your music playlist to keep the atmosphere engaging and attract repeat customers?
    (h) Do you use music to create different moods or themes within your establishment (e.g., during happy hour, dinner, late night, or on weekends)?

2. **RTL Tariff-** (Departmental Stores, Retail Stores, and Other Commercial Spaces).

    (a) How does background music contribute to customer experience and sales in your store?

(b) What percentage of your total expenses is currently allocated to music licensing?
(c) Do you have multiple outlets, and would a centralized licensing model be beneficial?
(d) How can IPRS ensure that all retail outlets, including franchises and chains, pay their fair share of royalties?
(e) As in-store music enhances brand perception and sales, should licensing costs be considered part of overall marketing expenses rather than as a standalone fee?

3. **LP/DJ Tariff-** Live Performance or Recorded Music Event.

(a) How does music licensing currently impact the cost of organizing events?
(b) Since live performances rely on copyrighted music to attract audiences, does the increase in tariff reflect the revenue potential of such events?
(c) What is the investment in promoting the musical aspects of any event?
(d) Should different categories (e.g., corporate events, ticketed concerts, other events) have separate tariff structures?
(e) What reporting and payment challenges do event organizers face regarding royalty payments?
(f) Should one-time events and recurring events have different tariff structures?
(g) Since event organizers use music to enhance audience experience and drive ticket sales, should royalty fees scale with event attendance and revenue?
(h) Have you seen a trend of increasing demand for events featuring live or recorded music?

4. **IHL Tariff-** Hotels, Guest Houses, Rooms, Lodges, Motels, Holiday Homes, etc.

(a) Since hotels use background music to create a welcoming atmosphere/ambience for guests, should tariffs be structured to reflect the level of luxury and ambiance provided?
(b) Is different genres/ types of music provided in different areas of a hotel (e.g., lobby, restaurant, spa)?
(c) Would you prefer a per-room pricing model for in-room entertainment licensing?
(d) Since music is a key element in hotel lobbies, restaurants, spas, and event spaces, should a bundled tariff structure be introduced for multi-facility hotels?
(e) How do you currently report and manage music licensing costs?
(f) What measures can be taken to simplify the licensing process for hotels with multiple branches?

V. CONSULTATION PROCESS

1. Stakeholders are invited to send their written comments on the IPRS Tariff Revision Document and Questions/ Issues For Consultation by 27th February, 2025.

2. **The comments may be sent in electronic form to IPRS at this e-mail ID: tariff.consultation@iprs.org .**

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