### EXECUTIVE SUMMARY

<table>
<thead>
<tr>
<th>New Visa Reforms</th>
<th>Electronic tourist authorisations, known as E – Tourist Visa, launched by the Government of India have resulted in increase in number of tourist visa issued in the country, with arrivals through e-visa increasing 58.8 per cent year-on-year to 1.457 million during January-November 2017.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contribution to GDP above world average</td>
<td>India ranked 3rd among 184 countries in terms of travel &amp; tourism’s total contribution to GDP in 2016. India’s foreign exchange earnings (FEEs) from tourism increased 20.4 per cent year-on-year during January-November 2017 to US$ 24.655 billion. In India, the sector’s direct contribution to GDP is expected to grow by 7.9 per cent per annum during 2016–26</td>
</tr>
<tr>
<td>Creating higher employment</td>
<td>The travel &amp; tourism sector in India accounted for 9.3 per cent of the total employment opportunities generated in the country in 2016, providing employment to around 40.3 million people during the same year. The number is expected to rise by 2 per cent annum to 46.42 million jobs by 2026</td>
</tr>
<tr>
<td>Higher investments</td>
<td>Travel &amp; tourism’s contribution to capital investment is projected to grow 6.3 per cent per annum during 2016–26, higher than the global average of 4.5 per cent</td>
</tr>
<tr>
<td>Increasing visitor exports</td>
<td>Contribution of visitor exports to total exports is estimated to increase 7.2 per cent per annum during 2016–2026 compared to the world average of 4.3 per cent</td>
</tr>
</tbody>
</table>

*Source: World Travel & Tourism Council’s (WTTC’s) Economic Impact 2017, Aranca Research, Ministry of Tourism*
ADVANTAGE INDIA
For updated information, please visit www.ibef.org

ADVANTAGE INDIA

- Foreign tourist arrivals expected to increase at a CAGR of 7 per cent over 2005–25.
- By 2020, medical tourism industry of India is expected to touch US$ 9 billion.
- 8.9 million foreign tourists visited India in 2016, witnessing increase of 11 per cent from 2015.

- India has a diverse portfolio of niche tourism products – cruises, adventure, medical, wellness, sports, MICE, eco-tourism, film, rural & religious tourism.
- In January 2017, Federation of Indian Chambers of Commerce & Industry (FICCI) announced the launch of India Travel Tech Launchpad.

- The Visa on Arrival scheme was extended to 150 countries in 2015.
- A 5-year tax holiday has been offered for 2, 3 and 4 star category hotels located around UNESCO World Heritage sites (except Delhi & Mumbai).
- Under the Swadesh Darshan scheme, 13 thematic circuits in the country have been selected for development of tourism infrastructure.

Notes: F stands for Forecasts, WTTC – World Travel and Tourism Council, Market size forecasts by WTTC, F-Forecast
UNESCO – United Nations Educational, Scientific and Cultural Organisation, MICE – Meetings, Incentives, Conferences, and Exhibitions
Source: WTTC, Ministry of Finance, Aranca Research
MARKET OVERVIEW
EVOLUTION OF THE INDIAN TOURISM AND HOSPITALITY SECTOR

- The National Tourism Policy was announced in 1982
- The government formulated a comprehensive plan in 1988 to promote tourism

Pre-1990

- Various states in India declared tourism as an industry
- The government stressed on private-public partnership in the sector
- Government policies give a fillip to the hotel industry

1990–2000

- A national policy on tourism was announced in 2002, focusing on developing a robust infrastructure
- Online travel portals & low-cost carrier airlines gave a boost to domestic tourism

2000–05

- The government has undertaken various marketing initiatives to attract tourists
- The National Medical & Wellness Tourism Promotion Board formed in 2015.
- 12 Institutes of Hospitality Management sanctioned in north-east states in August 2016.
- E – tourist visa launched and 1.243 million tourists arrive in India in 2017* through these visa.
- Travel and Tourism sector accounted for 9.3 per cent of employment opportunities in India.

2005 onwards

Note: * up to October 2017
Source: WTTC, Ministry of Tourism, Aranca Research
### SEGMENTS OF TOURISM AND HOSPITALITY

<table>
<thead>
<tr>
<th>Segment</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accommodation and catering</td>
<td>- Accommodation could be hotels &amp; motels, apartments, camps, guest houses, lodge, bed &amp; breakfast establishments, house boats, resorts, cabins &amp; hostels. In addition, tourists also require catering facilities, which includes include hotels, local restaurants, roadside joints, cafeterias &amp; retail outlets serving food &amp; beverages.</td>
</tr>
<tr>
<td>Transportation</td>
<td>- Comprises airline companies, cruise services, railways, car rentals &amp; more. A tourist’s choice of transport would depend on the travel budget, destination, time, purpose of the tour &amp; convenience to the point of destination.</td>
</tr>
<tr>
<td>Attractions</td>
<td>- Another major component of the travel &amp; tourism industry is ‘attractions’ such as theme parks &amp; natural attractions including scenic locations, cultural &amp; educational attractions, monuments, events &amp; medical, social or professional causes.</td>
</tr>
</tbody>
</table>
| Travel agents            | - A fragmented sector with a number of independent travel agents & many online businesses. They also sell associated products such as insurance, car hire & currency exchange.  
                          | - Business travel agencies specialise in making travel & accommodation arrangements for business travellers & promoting conference trades. |
| Tour operators           | - Offer customised tours, including travel, accommodation & sightseeing                                                                                                                                    |

*Source: Dun and Bradstreet’s Report on Tourism in India*
EMERGING TOURISM AND HOSPITALITY SEGMENTS

The aim is to develop interest in heritage and culture; & promote visits to village settings to experience & live a relaxed & healthy lifestyle

One of the biggest contributor to tourism industry. India being religious hub for different cultures attracts a large number of tourists every year

Vast variety of flora & fauna in various states is a major factor behind their growing popularity as tourist destinations. Thenmala in Kerala is the 1st planned ecotourism destination in India.

The luxury travel market in India registered a growth rate of 12.8 per cent in 2016, the highest in comparison with any other BRIC country.

A wide range of adventure sports are covered under this category with specialised packages. The activities include mountaineering, trekking, bungee jumping, mountain biking, river rafting & rock climbing

Tourists seek specialised medical treatments, mainly ayurvedic, spa & other therapies. The primary purpose is achieving, promoting or maintaining good health & a sense of well-being

Tourists visit India for its cultural heritage in various cities. The country’s rich heritage is amply reflected in the various temples, majestic forts, pleasure gardens, religious monuments, museums, art galleries, urban & rural sites

Source: Dun and Bradstreet’s Report on Tourism in India
Tourism in India accounts for 9.6 per cent of the GDP & is the 3rd largest foreign exchange earner for the country.

The tourism & hospitality sector’s direct contribution to GDP in 2016 was US$ 71.7 billion. This is expected to rise by 6.9 per cent to US$ 76.6 billion in 2017.

During 2006–17E, direct contribution of tourism & hospitality to GDP is estimated to have registered a CAGR of 14.05 per cent.

The direct contribution of travel & tourism to GDP is expected to reach US$ 148.2 billion by 2027.

Notes: CAGR – Compound Annual Growth Rate,
E - Estimates, GDP stands for Gross Domestic Product,
The definition of direct, indirect and induced contribution is specified in the Glossary on Slide 41
Source: World Travel & Tourism Council’s Economic Impact 2017,
News Article, Aranca Research
The sector’s total contribution to GDP stood at US$ 208.9 billion (9.6 per cent of GDP) in 2016 and is forecast to rise by 6.7 per cent in 2017, and to rise by 6.7 per cent pa to Rs 28,491.8 billion (US$ 424.5 billion), 10 per cent of GDP in 2027.

In November 2017, the country earned foreign exchange of around USD 2.566 billion, from the tourism sector.

![Graph showing travel and tourism's total contribution to GDP (USD billion)]

**Note:** The definition of direct, indirect and induced contribution is specified in the appendix

**Source:** World Travel & Tourism Council’s Economic Impact 2017, News Article, Aranca Research
In 2016, foreign tourist arrival in India stood at 8.8 million.

Foreign tourist arrivals into the country is forecast to increase at a CAGR of 7.1 per cent during 2005–25

In 2017, India is expected to attract 9.45 million international tourist arrivals and by 2027, it is expected to reach 17.3 million

In December 2016, over 1,62,250 foreign tourists arrived on e-Tourist Visa, in comparison with 103,617 foreign tourists in December 2015, registering a growth of 56.6 per cent over the previous year

As of December 2016, 8.8 million tourists have visited India, mostly from UK, US & Bangladesh. This has been due to flexible government policies, developed rail & road infrastructure, ease in availability of e-visas to foreign tourists.

The number of Foreign Tourist Arrivals (FTAs) in November 2017 were 1,005,000 as compared to FTAs of 878,000 in November 2016 and 816,000 in November 2015. Total FTAs in 2017* were 9.001 million.

The growth rate in FTAs in November, 2017 over November 2016 was 14.4 per cent.

Source: World Travel & Tourism Council’s Economic Impact 2015, Ministry of Tourism, E- Estimated, 2017* - up to November 2017

CAGR 7.1%
During January-November 2017, India has earned foreign exchange of US$ 24.655 billion from tourism.

Foreign exchange earnings from tourism accounted for US$23.15 billion in 2016, witnessing growth at a CAGR of 10.4 per cent during 2006-16.

In FY16, foreign exchange earnings from the tourism sector stood at US$23.15 billion.

Foreign Exchange Earnings through tourism during the month of August 2017 were US$2.176 billion as compared to US$1.875 billion in August 2016 and USD 1.752 billion in August 2015.

Foreign exchange earnings (FEEs) in November 2017 were US$ 2.566 billion as compared to US$ 2.110 billion in November 2016 and US$1.912 billion in November 2015. The growth rate in FEEs in November 2017 over November 2016 was 21.6 per cent, compared to 10.4 per cent in November 2016 over November 2015.

**Note:** 2017* - up to November 2017

**Source:** Ministry of Tourism, Aranca Research
# MAJOR COMPANIES ACROSS SEGMENTS

<table>
<thead>
<tr>
<th>Company</th>
<th>Segment</th>
<th>Revenue (USD millions)</th>
<th>Other major players</th>
</tr>
</thead>
<tbody>
<tr>
<td>make my trip.com</td>
<td>Online booking</td>
<td>FY15: 139, FY16: 169, FY17: 274</td>
<td>Yatra.com, cleartrip.com, travelyocity.com, travelchacha.com, ixigo.com</td>
</tr>
<tr>
<td>Taj</td>
<td>Hotel</td>
<td>FY15: 335, FY16: 354, FY17: 365</td>
<td>ITC, Oberoi, Marriott</td>
</tr>
<tr>
<td>Jet Airways</td>
<td>Airlines(1)</td>
<td>FY15: 2.9, FY16: 3.3, FY17: 3.4</td>
<td>SpiceJet, Indigo, Indian Airlines</td>
</tr>
<tr>
<td>Thomas Cook</td>
<td>Tour operators</td>
<td>FY14: 71.1, FY15: 83.1, FY16: 59.9</td>
<td>SOTC, Raj Travels</td>
</tr>
</tbody>
</table>

**Note:** (1) Highlights revenues are in billion  
**Source:** Respective company websites
DOMESTIC CONSUMERS TO LEAD GROWTH

- Domestic travel revenues are estimated at US$ 183.48 billion in 2016 and are anticipated to further increase to US$ 203.3 billion by 2026.
- Revenues earned from foreign visitors are estimated at US$ 25.02 billion in 2016 and are projected to further increase to US$ 40.11 billion by 2026.
- Indian travellers booked 52 per cent more trips in the 3rd quarter of 2016 as compared to last year.
- Out of total Indian travellers, in 2016, 17 per cent people were in the age bracket 18-24 years, compared to 12 per cent in the previous year, which was mainly due to the increasing usage of smartphones by the young travellers.
- India’s state-of-the-art high-speed 15 coach train Tejas Express made its 1st run on 22nd May 2017, from Mumbai to North Goa. It covered a distance of 579 kms in 8.5 hours. The train has 2 classes - Executive Chair Car & Chair Car. It is equipped with facilities like automatic doors, secured gangways, Wi-Fi, LCD screens, magazines, tea-coffee vending machines, bio-toilets, etc. At the time of booking, the passengers will have a choice to opt for on-board catering services, which will not be compulsory like in Shatabdi.

**Source:** E- Estimated

**Source:** World Travel & Tourism Council’s Economic Impact 2016, Aranca Research
RISING REVENUES FROM LEISURE AND BUSINESS SEGMENTS

- Share of revenues from leisure travel to the total tourism revenue stood around 94.6 per cent in 2016.
- Leisure travel spending reached Rs 12,079 billion (US$ 179.7 billion) in 2016 and is expected to reach Rs 12,910 billion (US$ 196.41) billion in 2017 and US$ 386.3 billion by 2027
- Business travel revenues were Rs 689 billion (US$ 10.25 billion) in 2016 & are projected to increase to Rs 726.6 billion (US$ 11.1) billion by 2017 and US$ 23.3 billion by 2027

<table>
<thead>
<tr>
<th>Segment –wise revenue share (2016 E)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic spending</td>
</tr>
<tr>
<td>95%</td>
</tr>
<tr>
<td>Foreign visitor spending</td>
</tr>
<tr>
<td>5%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expected segment-wise revenue share (2026)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leisure spending</td>
</tr>
<tr>
<td>83.60%</td>
</tr>
<tr>
<td>Business spending</td>
</tr>
<tr>
<td>16.40%</td>
</tr>
</tbody>
</table>

Note: E- Estimated

Source: World Travel & Tourism Council’s Economic Impact 2016, Aranca Research
### Porter’s Five Forces Framework Analysis

#### Threat of Substitutes
- **Low** - Threat of substitute products is minimal as no substitutes are available in the market

#### Bargaining Power of Suppliers
- **Medium** - There is the threat of forward integration; for instance, the airline starts selling directly to customers
- The cost of switching suppliers is low

#### Competitive Rivalry
- **High** - The Indian hospitality sector is highly fragmented with a large number of small and unorganised players; this increases competition
- Customers’ low switching cost and price sensitivity are increasing competition among players

#### Threat of New Entrants
- **Medium** - Entry is easy as it is not capital intensive, but a player needs to achieve economies of scale and access to distribution channel to compete

#### Bargaining Power of Buyers
- **High** - Low switching cost gives customer high bargaining power
- Customers are price sensitive and have information about the services being provided

---

**Source:** Aranca Research
### NOTABLE TRENDS IN THE TOURISM INDUSTRY IN INDIA

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
</table>
| **Online travel operators** | - Over 70 per cent of air tickets are now being booked online in the country  
                               - A number of online travel & tour operators, which provide better prices & options to consumers, have emerged in India                                                                 |
| **Wellness tourism**       | - The widespread practice of ayurveda, yoga, siddha & naturopathy that is complemented by the nation’s spiritual philosophy makes India a famous wellness destination.                                             |
| **Cruises**                | - Government of India has estimated that India would emerge with a market size of 1.2 million cruise visitors by 2030-31. The government is planning to set up five cruise terminals in the country.                 |
| **Adventure**             | - Adventure tourism is one of the most popular segments of tourism industry. Owing to India’s enormous geo-physical diversity, it has progressed well over the years  
                               - Part of India’s tourism policy, almost every state has definite programme to identify & promote Adventure tourism |
| **Camping sites**          | - Promotion of camping sites has been encouraged with adequate acknowledgement of its adverse effects on environment  
                               - Besides providing unique rewarding experiences, responsible conduct of camping can be a major source for both additional economic opportunities in remote areas as well as an instrument of conservation |
| **Spiritual tourism**      | - India has been known as the seat of spiritualism & India’s cosmopolitan nature is best reflected in its pilgrim centers  
                               - India has been recognised as a destination for spiritual tourism for domestic & international tourists |

*Source: Incredible India, Aranca Research, Economic Times*
## STRATEGIES ADOPTED

### Marketing strategy
- Players are using innovative marketing strategies to succeed in this sector. For example:
  - The Goa Tourism Development Corporation (GTDC) is planning to organise familiarisation trips or “fam” trips for international tour operators to showcase Goa as a tourist destination. It has also planned to promote Goa in international markets through the print & electronic media. Benefits such as such as priority reservation & Indian rail pass for train travel are also being extended to foreign tourists
  - Incredible India 2.0 campaign and ‘Adopt a Heritage’ were launched in September 2017.

### One stop solution
- Players are trying to ensure convenience for their customers by providing all services available on a single portal. For example, makemytrip.com & a host of other websites provide a comprehensive basket of offerings which include outbound & inbound travel for leisure & business trips, hotels & car booking, holiday packages within India or abroad, etc

### Multiple channels
- Players are opting for many channels to maximise sales & ensure convenience for their customers. For example, Thomas Cook & Kuoni India launched their online portals to compete with others. On the other hand, makemytrip.com is planning to go for the offline channel to complement its existing portal & has already launched mobile apps for maximising sales.

### Branding
- The launch of several branding & marketing initiatives by the Government of India such as Incredible India! & Athiti Devo Bhava provides a focused impetus to growth

### M-visa
- Indian government has also released a fresh category of visa – the medical visa or M visa, to encourage medical tourism in India. Indian medical tourism is expected to reach USD8 billion by 2020

### E – Tourist Visa
- In November 2017, a total of 214,000 foreign tourists arrived on e-Tourist Visa, in comparison with 137,000 foreign tourists in October 2016, registering a growth of 56.2 per cent over previous year.

*Source: Make in India, Company websites, Aranca Research, Ministry of Tourism*
GROWTH DRIVERS
GROWTH DRIVERS FOR THE TOURISM MARKET

- More than half of the Ministry of Tourism’s Plan budget is channelized for funding the development of destinations, circuits, mega projects as well as rural tourism infrastructure projects.

- Domestic expenditure on tourism is expected to rise due to the growing income of households.

- A number of niche offerings such as medical tourism & eco tourism are expected to create more demand.

- Hotel & Tourism sector has received cumulative FDI inflows of US$ 10.6 billion from April 2000 to September 2017.

- International hotel brands are targeting India, e.g. Carlson group is aiming to increase the number of its hotels in India to 170 by 2020.

- Hospitality majors are entering into tie ups to penetrate deeper into the market, such as Taj & Shangri-La entered into a strategic alliance to improve their reach & market share by launching loyalty programme aimed at integrating rewarded customers of both hotels.

- 100 per cent FDI is allowed under the automatic route in tourism & hospitality, subject to applicable regulations & laws.

- 100 per cent FDI allowed in tourism construction projects, including the development of hotels, resorts & recreational facilities.

- Campaigns such as Incredible India & Athithi Devo Bhava were launched to harness the tourism industry’s potential.

Source: Make in India, DIPP, Aranca Research
RISE IN INCOME AND CHANGING DEMOGRAPHICS BOOSTING DEMAND

- Rising incomes mean a steady growth in the ability to access healthcare & related services
- Per capita income is expected to increase at a CAGR of 7.33 per cent over 2014–18
- According to IMF, nominal per capita income in the country is estimated to increase at a CAGR of 4.94 per cent during 2010-19

Source: IMF, Aranca Research

Note: E – Estimated, F- Forecast

Per capita income in India

<table>
<thead>
<tr>
<th>Year</th>
<th>FY 10</th>
<th>FY 11</th>
<th>FY 12</th>
<th>FY 13</th>
<th>FY 14</th>
<th>FY 15</th>
<th>FY 16</th>
<th>FY 17E</th>
<th>FY 18F</th>
<th>FY 19F</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income (INR)</td>
<td>1430.2</td>
<td>1552.5</td>
<td>1514.8</td>
<td>1504.5</td>
<td>1600.9</td>
<td>1617.3</td>
<td>1747.5</td>
<td>1874.9</td>
<td>2026.7</td>
<td>2207.6</td>
</tr>
</tbody>
</table>

For updated information, please visit www.ibef.org
Domestic expenditure on tourism has grown significantly; in 2016, the market reached Rs 11,239 billion (US$ 167.2 billion), representing growth at a CAGR of 13 per cent during 2008–16, which is anticipated to increase to Rs 12,024 billion (US$ 182.9 billion) in 2017 and is expected to reach Rs 23,943 billion (US$ 364.3 billion) by 2027.

Note: F – Forecast, E – Estimated

Source: WTTC - Travel & Tourism Economic Impact 2017, Aranca Research
**GOVERNMENT INITIATIVES**

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Details</th>
</tr>
</thead>
</table>
| **Swadesh Darshan** | - Based on specific themes, government has identified 13 circuits which includes Krishna Circuit, Buddhist Circuit, Himalayan Circuit, North East Circuit & Coastal Circuit  
- Tajmahotsav: the 10 day celebration provide a platform to experience India's arts, craft, culture, cuisine, dance & music.  
- Under Budget 2017-18, the government allotted USD142.78 million for Integrated development of tourist circuits under Swadesh Darshan scheme. |
| **Pilgrimage Rejuvenation and Spiritual Augmentation Drive (PRASAD)** | - National Mission on Pilgrimage Rejuvenation & Spiritual Augmentation was implemented by the Ministry for enhancing the facilities provided & infrastructure at pilgrimage centres of all cities |
| **National Tourism Policy 2015** | - Formulation of National Tourism Policy 2015 that would encourage the citizens of India to explore their own country as well as position the country as a ‘Must See’ destination for global travellers  
- Under Union Budget 2017, USD14.87 million was allocated for promotion & publicity of various programmes & schemes of the Tourism ministry. |
| **Tourism Projects** | - Under Union Budget 2017-18, the government allocated USD15.25 million for development of Umiam Lake-Ulum Sohpetbneng-Mawdiangdiang under North East Circuit of Swadesh Darshan Scheme & USD11.53 million for development of Buddhist sites of MP (Mandsaur- Dhar- Sanchi- Satna- Rewa) |

*Source: Union Budget 2015 – 16, Aranca Research*
### TOURISM POLICY AND INITIATIVES GIVE A BOOST TO THE INDUSTRY

<table>
<thead>
<tr>
<th><strong>Special Boards</strong></th>
<th>The Ministry has set up a Hospitality Development &amp; Promotion Board, which will monitor &amp; facilitate hotel project clearances/approvals</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tourist Police</strong></td>
<td>The Ministry, in consultation with state/UT administrations, has proposed to employ tourist police at prominent tourist spots</td>
</tr>
<tr>
<td><strong>Tax Incentives</strong></td>
<td>An investment-linked deduction under Section 35 AD of the Income Tax Act is in place for establishing new hotels in the 2-star category and above across India, thus permitting a 100 per cent deduction in respect of the whole or any expenditure of a capital nature</td>
</tr>
</tbody>
</table>

*Source: World Travel & Tourism Council, Union Budget 2015 – 16, Aranca Research*
TOURISM POLICY AND INITIATIVES GIVE A BOOST TO THE INDUSTRY

<table>
<thead>
<tr>
<th>Incentives from Ministry of Tourism</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Assistance in large revenue-generating projects.</td>
</tr>
<tr>
<td>• Support to Public Private Partnerships in infrastructure development such as viability gap funding.</td>
</tr>
<tr>
<td>• Schemes for capacity-building of service providers.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Project Mausam</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Under ‘Project Mausam’ the Government of India has proposed to establish cross cultural linkages &amp; to revive historic maritime cultural &amp; economic ties with 39 Indian Ocean countries. In 2015, Government of India linked China Silk Road project with Project Mausam.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>E – Tourist Visa</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Since April 2017, the facility has been made available to citizen 161 countries.</td>
</tr>
<tr>
<td>• Growth of 67.3 per cent was registered during the month of October 2017, as a total of 176,000 tourists arrived in India on E – Tourist Visas, as against a total of 105,000 tourists during October 2016.</td>
</tr>
<tr>
<td>• Foreigners travelling to India on e-tourist visa will receive a BSNL SIM card which will be pre activated and loaded with talktime and data.</td>
</tr>
</tbody>
</table>

*Source: World Travel & Tourism Council, Aranca Research*
India’s tourism sector attracted capital investments of Rs 2,284.9 billion which was 5.7 per cent of total investment (US$ 34 billion) received during 2016. They are expected to grow by 4.5 per cent in 2017 and by 5.7 per cent over the upcoming 10 years.

International hotel chains are increasing their presence in the country, as it will account for around 47 per cent share in the Tourism & Hospitality sector of India by 2020 & 50 per cent by 2022, increasing from 44 per cent in 2016.

Berggruen Hotels is planning to add around 20 properties under its mid-market segment 'Keys Hotels' brand across India, by 2018.

Hilton plans to add 18 hotels pan India by 2021, along with 15 operational hotels under its brands namely Hampton, Hilton Garden Inn, Conrad, Hilton Hotels & Resorts & DoubleTree by Hilton.

In 2017, Marriott International plans to open 30 new luxury hotels. As of November 2017, the company operated 93 hotels in India.

Government’s collective spending on tourism & hospitality sector, in 2016 stood at around US$ 2.4 billion.

The government’s collective spending is expected to increase to Rs 161.9 billion (US$ 2.46) billion in 2017 and to Rs 320.1 billion (US$ 4.87 billion) by 2027.

In December 2017, the World Bank agreed to provide US$ 40 million for the development of tourism facilities in Uttar Pradesh.

**Note:** E – Estimated, F - Forecast

**Source:** World Travel & Tourism Council’s Economic Impact 2015, Aranca Research

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**CONTINUED GROWTH IN INVESTMENTS IN THE TOURISM SECTOR**
In June 2016, the Indian government approved 150 countries under the Visa on Arrival scheme to attract additional foreign tourists.

The Visa on Arrival scheme registered an average growth of 133.90 per cent over 2010–16.

Indian government has also released a fresh category of visa – the medical visa or M visa, to encourage medical tourism in India.

Source: Ministry of Tourism, Aranca Research
OPPORTUNITIES
### Medical tourism
- The presence of world-class hospitals & skilled medical professionals makes India a preferred destination for medical tourism
- India’s earnings from medical tourism could exceed US$ 9 billion by 2020
- Tour operators are teaming up with hospitals to tap this market
- 201 thousand medical tourists arrived in India in the 2016 as compared to 134 thousand in 2015.

### Cruise tourism
- Cruise shipping is one of the most dynamic & fastest growing segments of the global leisure industry
- Government of India has estimated that India would emerge with a market size of 1.2 million cruise visitors by 2030 – 31
- Moreover, India is looking to take advantage of its 7,500Km coastline to tap growth potential of the cruise tourism segment.

### Rural tourism
- The potential for the development of rural tourism in India is high as most of its population resides in rural areas
- This can benefit the local community economically & socially, and facilitate interaction between tourists & locals for a mutually enriching experience

### Ecotourism
- India is often termed as hotspot of bio-diversity & this rich natural heritage is unparallel in many ways.
- Such valuable resource base gives impetus for the practice of variety of alternate tourism forms & many of which are already in existence.
- For example: The national parks, wildlife sanctuaries & biosphere reserves

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Source: Ministry of Tourism, BMI, Aranca Research
LEADING STATES/UTs IN TERMS OF FOREIGN TOURISTS

**Delhi** – Attracted 28.69 per cent of foreign tourists visiting India in September 2017 and

**Major attractions** – Qutub Minar, Red Fort, Humayun’s Tomb, India Gate, Jantar Mantar & Jama Masjid

**Maharashtra** – Attracted 6.9 per cent of foreign tourists visiting India in 2016

Major cities to visit – Amravati, Kolhapur, Mumbai & Nashik

**Major attractions** – Ajanta & Ellora Caves, Shirdi, Ashtavinayak & Matheran

**Uttar Pradesh** – Attracted 13.9 per cent of domestic tourist visits in 2016.

Major cities to visit – Agra, Allahabad, Ayodhya, Lucknow, Fatehpur, Meerut and Varanasi

**Major attractions** – Taj Mahal, Agra Fort, Fatehpur Sikri & Sarnath

**West Bengal** – Attracted 4.5 per cent of domestic tourist visits in 2016.

**Major attractions** – Victoria Memorial, Sunderbans, Cooch Behar Palace, Darjeeling Himalayan Railway, Hazarduari Palace, Adina Mosque, Shantiniketan, Bishnupur Terracotta Temples, Dakshineswar Kali Temple

**Tamil Nadu** – Attracted 20.1 per cent of total domestic visits in India in 2016.

Major cities to visit – Chennai, Coimbatore, Kanyakumari, Madurai, Ooty, Rameswaram & Salem

**Major attractions** – Meenakshi Temple, Brihadeeswarar Temple, Yelagiri Hills, Hogenakkal Falls & Vivekananda Memorial

**Source:** Ministry of Tourism

*Note:* As per latest data available
## Airlines Industry Set to Fly Higher

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Low-cost airlines</strong></td>
<td>Growth in low-cost airlines is expected to lower tourism costs &amp; increase domestic spending on tourism. Low cost flights under the Ude Desh ka Aam Naagrik (UDAN) scheme are expected to connect under served regions in the country and promote domestic tourism.</td>
</tr>
<tr>
<td><strong>Increase in international flight operators</strong></td>
<td>The market is likely to become more competitive due to the entry of an increasing number of international flight operators expected to offer improved services to tourists. JVs such as Air Asia and Tata SIA are beginning services in India and can provide better services. Some new players that have entered the country are Etihad &amp; Vistara. In 2015, Air Pegasus started its services for South India.</td>
</tr>
<tr>
<td><strong>Increasing number of airports</strong></td>
<td>The Airports Authority of India aims to start operating 250 airports across the country by 2020. In FY2016, the number of operational airports in the country was estimated to be 95.</td>
</tr>
<tr>
<td><strong>Higher investments</strong></td>
<td>In the Union Budget 2017-18, the government has proposed to establish five special tourism zones, and increase the focus towards rural infrastructure development and introduction of bio-toilets.</td>
</tr>
<tr>
<td><strong>Higher passenger traffic</strong></td>
<td>By 2020, passenger traffic at Indian airports is expected to increase to 450 million people in comparison with around 223.61 million people in 2016.</td>
</tr>
</tbody>
</table>

*Source: World Travel & Tourism Council, Aranca Research*
SUCCESS STORIES
GUJARAT TOURISM: A PARADIGM SHIFT

- Gujarat is the 7th largest state, located in the Western part of India, with the longest coastline of 1,600 km.
- The government spent nearly US$ 13 million for the ‘Khusbhoo Gujarat Ki’ campaign, which featured Amitabh Bachchan, brand ambassador of the state; the campaign was a huge success.
- In FY17, tourist arrivals to Gujarat increased 16.94 per cent to 44.8 million. Tourist inflows has increased at a CAGR of 14.91 per cent between FY12-17.
- The government plans to focus on the state’s 1,600 km coastline to promote maritime, coastal & ecotourism.
- In September 2016, Airbnb, a community-driven hospitality company, announced that it had signed an MoU with the Government of Gujarat, so as to boost tourism & create memorable travel experience in the state.

**Note:** E – Estimates, * As per latest available data

**Source:** World Travel & Tourism Council’s Economic Impact 2013, Aranca Research
PRIVATE SECTOR PIONEERS: makemytrip.com

- The website was conceived and founded by Deep Kalra in 2000
- Makemytrip offers airline tickets, hotel bookings, domestic & foreign packaged tours, bus tickets, corporate travel services, visa assistance, foreign exchange & travel insurance
- The company’s revenues have been increasing at a CAGR of 19 per cent and reached US$ 274 million in FY17. It reached US$ 141.2 million in Q1 FY18 and US$ 139.2 million in Q2 FY18.
- As of October 2016, MakeMyTrip Ltd. has agreed to acquire travel business of Ibibo Group India, at an estimated cost of US$ 720 million

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**Net Revenues (USD million)**

<table>
<thead>
<tr>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>61</td>
<td>88</td>
<td>88</td>
<td>106</td>
<td>139</td>
<td>169</td>
<td>274</td>
</tr>
</tbody>
</table>

Source: www.makemytrip.com
PRIVATE SECTOR PIONEERS: IHCL

- The company was incorporated in 1902 & launched the first hotel in India, The Taj Mahal Palace & Tower, in Mumbai in 1903
- Taj Hotels Resorts & Palaces has 66 hotels in 42 locations across India & 16 hotels worldwide
- IHCL operates in the luxury, premium, mid-market and value market segments through various brands such as Taj, Taj Exotica, Taj Safari, Vivanta, Gateway Hotel & Ginger
- IHCL operates Taj Air, a luxury private jet service
- The company operates Taj Sats Air Catering Ltd, the largest airline catering service in South Asia
- IHCL’s revenues stood at US$ 365 million in FY17 and US$ 82.31 million in Q1 FY18

Source: IHCL’s website

Revenues (USD million)

<table>
<thead>
<tr>
<th></th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>335</td>
<td>354</td>
<td>365</td>
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</tbody>
</table>
### Industry Organisations

<table>
<thead>
<tr>
<th>Federation of Hotel &amp; Restaurant Associations of India (FHRAI)</th>
<th>Hotel Association of India (HAI)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address: B-82, 8th Floor, Himalaya House, 23, Kasturba Gandhi Marg, New Delhi – 110001 Phone: 91-11- 40780780 Fax: 91-11- 40780777</td>
<td>Address: B 212–214 Som Dutt Chamber-I, Bhikaji Cama Place, New Delhi – 110 066 Phone: 91-11-2617 1110/14 Fax: 91-11-2617 1115</td>
</tr>
</tbody>
</table>
GLOSSARY

- Direct contribution: Spending on accommodation, transportation, attractions and entertainment
- Indirect contribution: Travel and tourism investment spending, and government collective travel and tourism spending
- Induced contribution: Spending of direct and indirect employees
- GOI: Government of India
- CAGR: Compound Annual Growth Rate
- INR: Indian Rupee
- USD: US Dollar
- Wherever applicable, numbers have been rounded off to the nearest whole number
## Exchange Rates

### Exchange Rates (Fiscal Year)

<table>
<thead>
<tr>
<th>Year INR</th>
<th>INR Equivalent of one US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004–05</td>
<td>44.81</td>
</tr>
<tr>
<td>2005–06</td>
<td>44.14</td>
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<td>2008–09</td>
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<td>2010–11</td>
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<td>2011–12</td>
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<td>2012–13</td>
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<td>2013–14</td>
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<td>2015–16</td>
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<td>2016–17</td>
<td>67.09</td>
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<tr>
<td>Q1 2017-18</td>
<td>64.46</td>
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<td>Q2 2017-18</td>
<td>64.29</td>
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<td>Q3 2017-18</td>
<td>64.74</td>
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### Exchange Rates (Calendar Year)

<table>
<thead>
<tr>
<th>Year</th>
<th>INR Equivalent of one US$</th>
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</thead>
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<tr>
<td>2005</td>
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<tr>
<td>2016</td>
<td>67.21</td>
</tr>
<tr>
<td>2017</td>
<td>65.12</td>
</tr>
</tbody>
</table>

Source: Reserve Bank of India
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