

TOURISM & HOSPITALITY



July 2021

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Table of Contents

Executive Summary	3
Advantage India	4
Market Overview	6
Recent Trends and Strategies	16
Growth Drivers	21
Opportunities	32
Key Industry Contacts	36
Appendix	38

Executive summary

1. Contribution to GDP above world average

- In 2020, the travel & tourism industry's contribution to the GDP was US\$ 121.9 billion; this is expected to reach US\$ 512 billion by 2028.
- In India, the industry's direct contribution to the GDP is expected to record an annual growth rate of 10.35% between 2019 and 2028.

2. Creating higher employment

- In 2020, the Indian tourism sector accounted for 31.8 million jobs, which was 7.3% of the total employment in the country.
- By 2029, it is expected to account for about 53 million jobs.

3. Lighthouse & Cruise Tourism

- The Indian government has estimated that India would emerge with a market size of 1.2 million cruise visitors by 2030-31. Dream Hotel Group plans to invest about US\$300 million in the next 3-5 years for development of the cruise sector in India.
- Government is planning to boost tourism in India by leveraging lighthouses in the country. 71 lighthouses have been identified for development as tourist spots.

6. New visa reforms

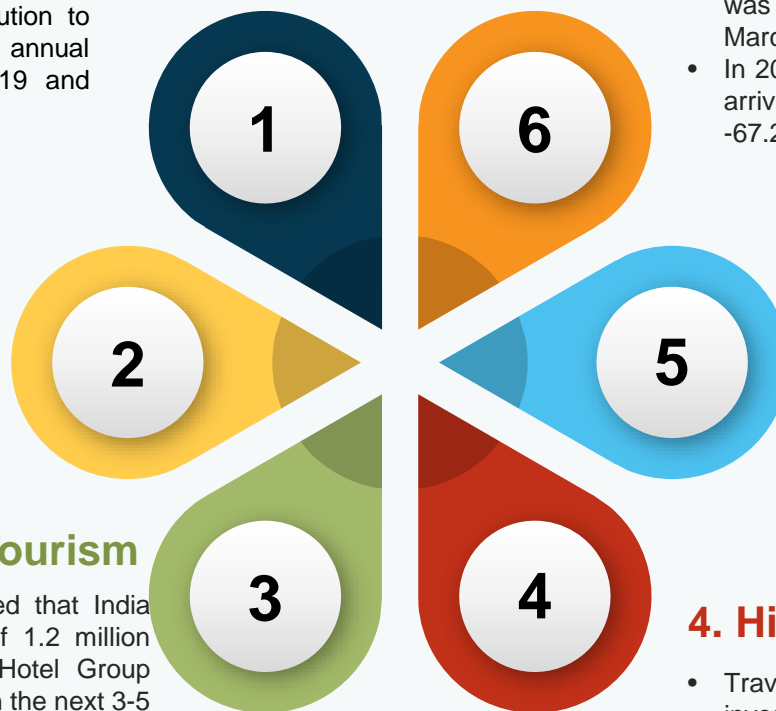
- Electronic tourist authorisations, known as e-Tourist Visa, launched by the Government of India, has resulted in increase in number of tourist visa issued in the country. The facility was extended to citizens of 171 countries, as of March 2021.
- In 2020, 8.38 million (Jan–Nov) foreign tourists arrived on e-Tourist Visa, registering growth of -67.2%.

5. New policy rollout plan

- India will soon unveil a new tourism policy focusing on developing medical, religious tourism and adding more destinations to the prevailing ones. Initiatives are also taken to introduce Chinese and Korean languages in tourist destinations that have more than 1 lakh visitors

4. Higher investment

- Travel & tourism's contribution to capital investment in India is projected to grow 6.7% per annum during 2018-28.
- Under the Swadesh Darshan scheme, 77 projects have been sanctioned worth Rs. 6,035.70 crore (US\$ 863.60 million).





Advantage India

1. Diverse attractions

- ▶ India offers geographical diversity, attractive beaches, 30 World Heritage SBPM and 25 bio-geographic zones.
- ▶ The country's big coastline is dotted with several attractive beaches.
- ▶ The Ministry of Tourism is promoting Buddhist Circuit to increase India's share in global tourism market.



2. Robust demand

- ▶ Medical tourism industry was estimated at US\$ 9 billion in 2020
- ▶ During 2019, 10.89 million foreign tourists arrived in the country.
- ▶ International tourist arrivals are expected to reach 30.5 million by 2028.
- ▶ Prime Minister Narendra Modi urged people to visit 15 domestic tourist destinations in India by 2022.

4. Policy support

- ▶ India offers geographical diversity, attractive beaches, 30 World Heritage SBPM and 25 bio-geographic zones.
- ▶ Campaigns such as Swadesh Darshan, a theme-based tourist circuit was launched to harness the tourism industry's potential.
- ▶ The Ministry of Tourism has created a policy for development and promotion of caravan and caravan camping parks.

3. Attractive opportunities

- ▶ India has a diverse portfolio of niche tourism products - cruises, adventure, medical, wellness, sports, MICE, eco-tourism, film, rural & religious tourism.
- ▶ Post the pandemic crisis, the government plans to tap into regional tourism by opening doors for South Asian country tourists.
- ▶ Government is providing free loans to MSMEs to help them deal with the crisis and revive the economy, including the tourism sector.

Source: DPIIT, ICE 360 Survey 2016, Blue Star Investor Presentation August 2018, *BARC India Universe Update July 2018, Bombay Stock Exchange



Evolution of the Indian tourism and hospitality sector

Pre-1990



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

1990-2000



- 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.

2000-05



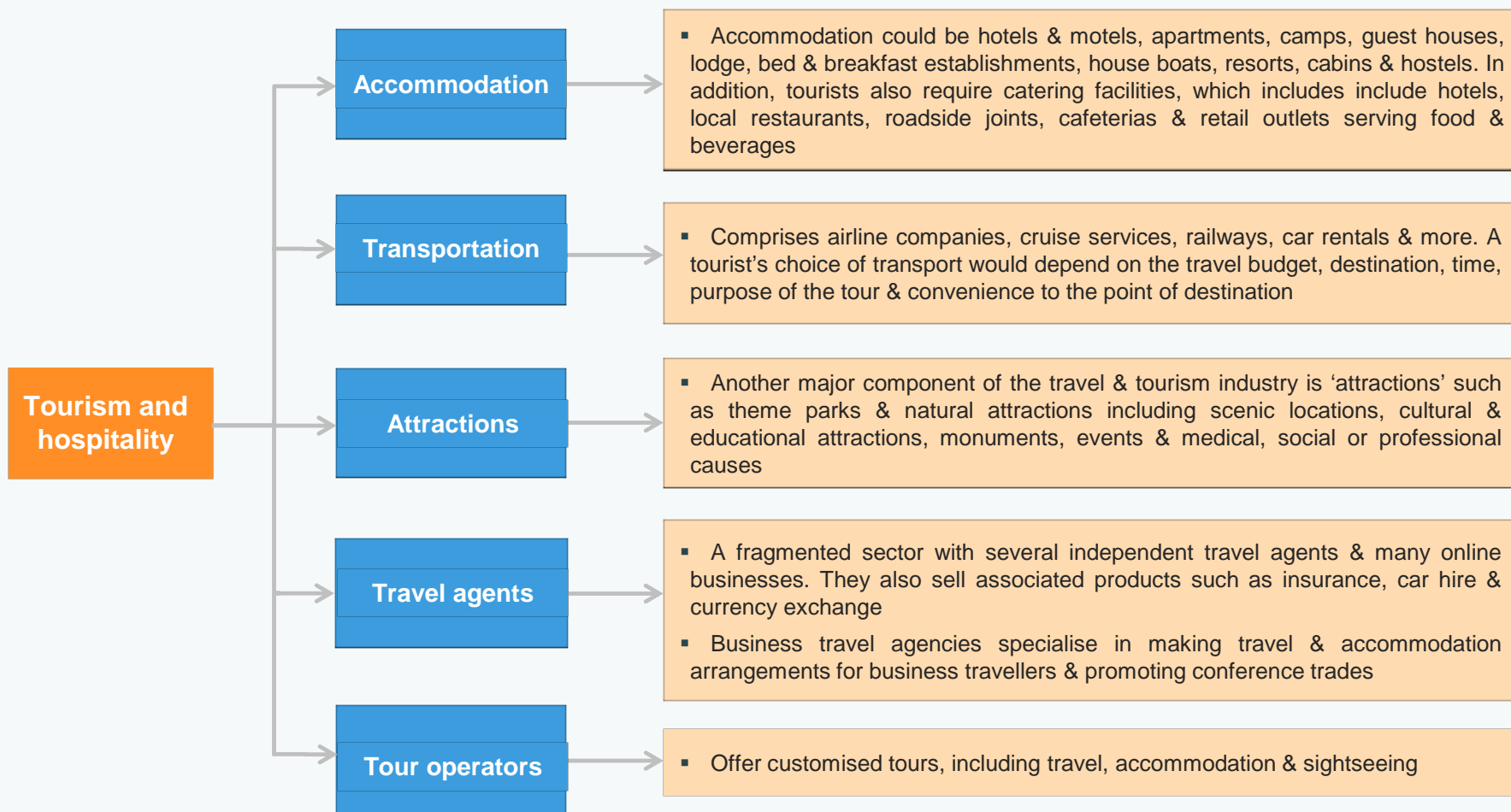
- A national policy on tourism was announced in 2002, focusing on developing a robust infrastructure
- Online travel portals & low-cost carrier airlines gave a boost to domestic tourism.

2015 onwards



- The Government has undertaken various marketing initiatives to attract tourists
- e-Tourist Visa was launched; a total of 2.93 million foreign tourists arrived on the e-Tourist Visa in 2019 registering a growth of 23.6%
- Travel and tourism sector accounted for 8.0% of total employment opportunities in 2019
- In November 2018, India attained third position in the world tourism sector after China and US.

Segments of tourism and hospitality



Source: Dun and Bradstreet's Report on Tourism in India

Emerging tourism and hospitality segments

1. Rural tourism

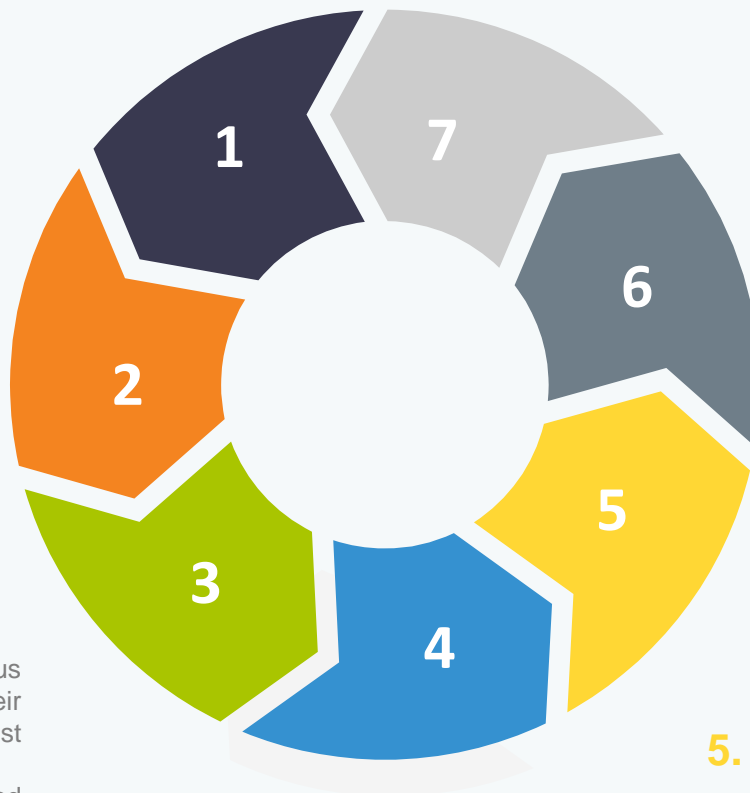
- The aim is to develop interest in heritage and culture; & promote visits to village settings to experience & live a relaxed & healthy lifestyle.

2. Pilgrimage tourism

- One of the biggest contributor to tourism industry. India being a religious hub for different cultures, attract many tourists every year

3. Eco-tourism

- 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.



4 Luxury tourism

The luxury travel market in India is expected to grow at rate of 12.8% during 2015-25, the highest in comparison with any other BRIC country.

7. Adventure tourism

- 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

6. Medical tourism

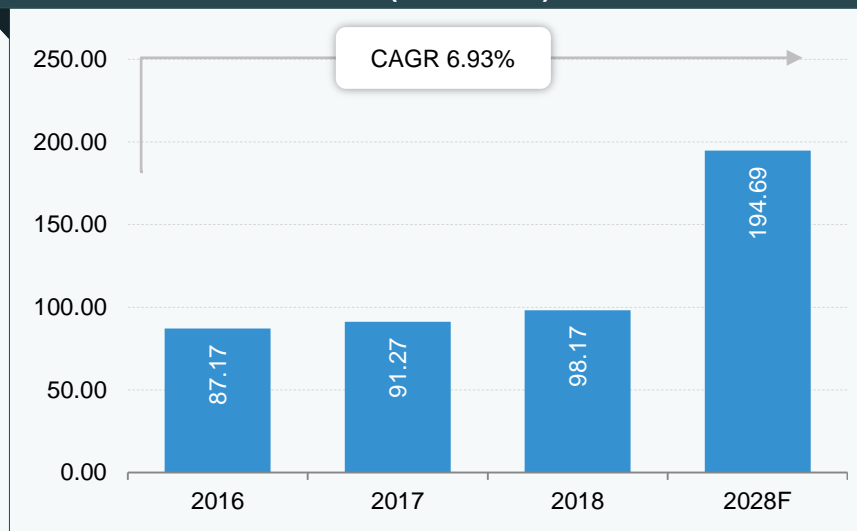
- Tourists seek specialised medical treatments, mainly ayurvedic, spa & other therapies
- The primary purpose is achieving, promoting or maintaining good health & a sense of well-being

5. Heritage tourism

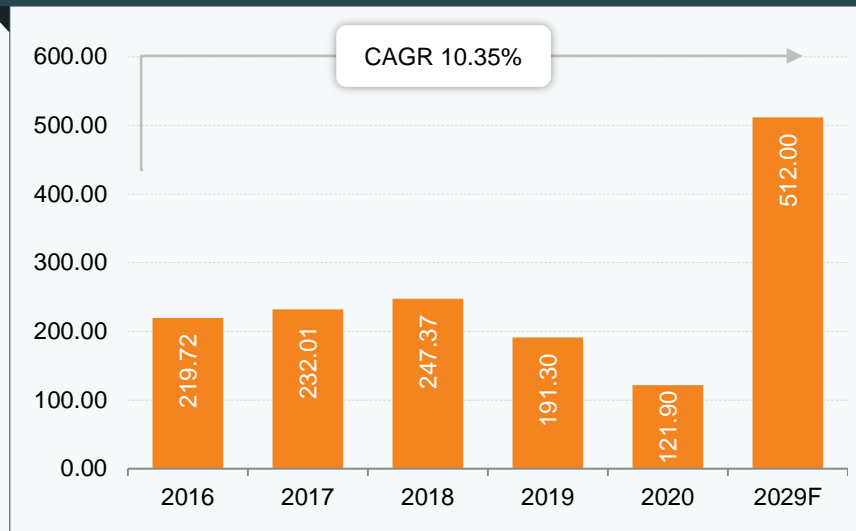
- Tourists visit India for its cultural heritage in various cities
- The country's rich heritage is amply reflected in the various temples, majestic forts, pleasure gardens, religious monuments, museums, art galleries, urban & rural sites

Rising contribution to India's GDP

Direct Contribution of Travel and Tourism to GDP at Real 2017 Prices (US\$ billion)



Total Contribution of Travel and Tourism to GDP at Real 2019 Prices (US\$ billion)



- India was ranked 34th in the Travel & Tourism Competitiveness Report 2019 published by the World Economic Forum and contributes ~US\$ 200 billion to the country's GDP. It is the third-largest foreign exchange earner for the country.
- The Indian travel and tourism industry is expected to record an annual growth rate of 10.35% between 2019 and 2028 to reach US\$ 512 billion in 2028.
- In 2020, the travel & tourism industry's contribution to the GDP was US\$ 121.9 billion. In 2019, it contributed US\$ 191.3 billion to the GDP.
- In WTTC's Economic Impact 2019 report, India's Travel & Tourism GDP contribution grew by 4.9%, which was the third-highest after China and Philippines. Additionally, the report also highlights that between 2014 and 2019, India witnessed the strongest growth in the number of jobs created (6.36 million), followed by China (5.47 million) and the Philippines (2.53 million).

Note: CAGR - Compound Annual Growth Rate, F -Forecast,

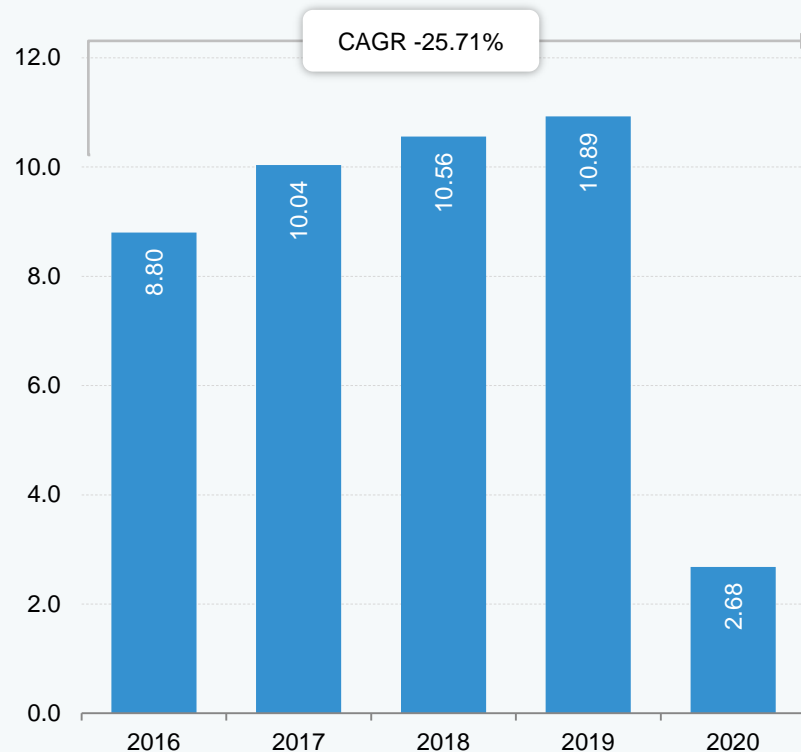
Source: World Travel & Tourism Council's (WTTC's) Economic Impact 2019

Foreign arrivals expected to rise post pandemic

- In 2020, foreign tourist arrivals (FTAs) decreased by 75.5% YoY to 2.68 million and arrivals through e-Tourist Visa (Jan-Nov) decreased by 67.2% YoY to 0.84 million.
- Growth in tourist arrivals has been due to flexible Government policies, developed rail & road infrastructure, ease in availability of e-Tourist Visa to foreign tourists. In 2019, arrivals through e-Tourist Visa increased by 23.6% YoY to 2.9 million.
- In April 2021, in India, percentage share of FTAs was highest at Bengaluru Airport (29.96%), followed by Mumbai Airport (17.48%), Ahmedabad Airport (15.72%), Delhi Airport (9.21%), Cochin Airport (4.91%), Chennai Airport (4.04%), Hyderabad Airport (3.34%), Lucknow Airport (2.40%), Bhavnagar Seaport (2.37%), Kolkata Airport (2.11%), Calicut Airport (1.41%), Amritsar Airport (1.35%), Kakinada Seaport (1.32%), Dabolim (Goa) (0.91%) and Mangalore Airport (0.72%).
- Between January 2021 and April 2021, the number of FTAs was 376,083, as compared with 2.35 million between January 2020 and April 2020, registering a negative growth of -84.0% YoY.
- The COVID-19 pandemic has greatly disrupted the Tourism industry. Considering this scenario, Mr. Rajesh Magow, MakeMyTrip CEO has pointed out that for a black swan event like COVID-19, the country must look to build and grow domestic travel as international tourism will take some time to recover.
- Amid the relaxation provided by the government, the Indian Association of Tour Operators (IATO) has urged the government to finalise a roadmap for resumption of international flights and facilitate e-visas and tourist visas.
- Mr. Dipak Deva, Managing Director of destination management firm Travel Corporation India (TCI), stated that the inbound business is estimated to start returning from October 2021 with normalcy levels being restored only by 2022.

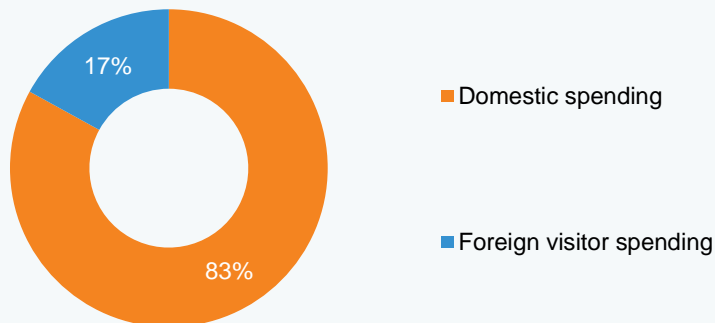
Source: Ministry of Tourism

Foreign tourists arriving in India (million)

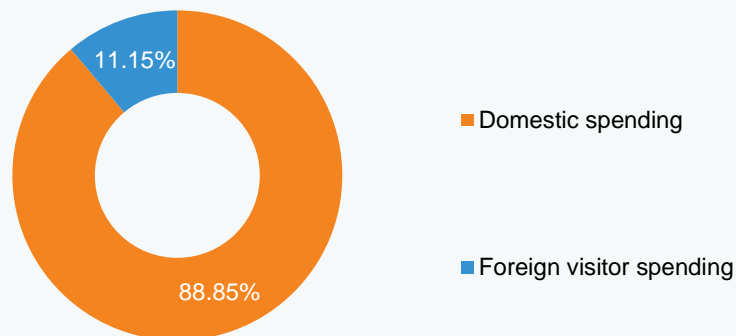


Domestic consumers to lead growth

Share of tourists by expenditure (2019)



Expected share of tourists by expenditure (2028F)



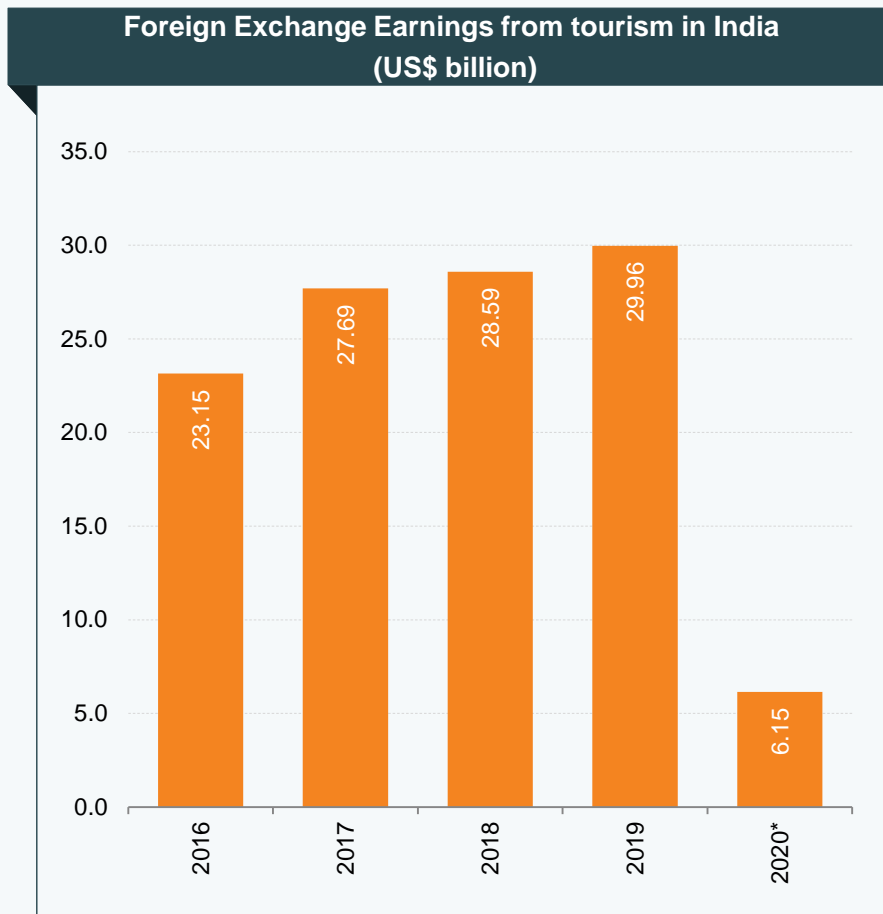
- Domestic travel revenue is estimated at US\$ 215.38 billion in 2019 and is anticipated to further increase to US\$ 405.8 billion by 2028F.
- While the pandemic brought the tourism industry to a halt, the government is now trying to begin with reviving domestic tourism.
- On January 26, 2021, Maharashtra Chief Minister Mr. Uddhav Thackeray inaugurated Balasaheb Thackeray Gorewada International Zoological Park in Nagpur. It is India's largest zoological park spread over 564 hectares and expected to attract ~2.5 million tourists a year.
- In April 2021, percentage share of FTAs was highest from the US (26.85%), followed by Bangladesh (15.65%), Afghanistan (6.92%), the UK (5.87%), Nepal (4.59%), Canada (4.27%), Iraq (2.99%), Portugal (2.40%), Germany (1.42%), Russia (1.41%), Maldives (1.39%), France (1.33%), Sudan (1.21%), Korea (Rep.) (1.18%) and Australia (1.02%).

Note: F- Forecasted

Source: World Travel & Tourism Council's Economic Impact 2019, News Articles

Rise in foreign exchange

- Tourism is an important source of foreign exchange in India similar to many other countries.
- During 2019, India earned foreign exchange of US\$ 29.96 billion from tourism, recording a YoY growth of 4.80%. Foreign exchange earnings (FEEs) from tourism in India witnessed growth at a CAGR of 8.96% between 2007 and 2019.
- In 2020*, India earned US\$ 6.15 billion in foreign exchange of from tourism.

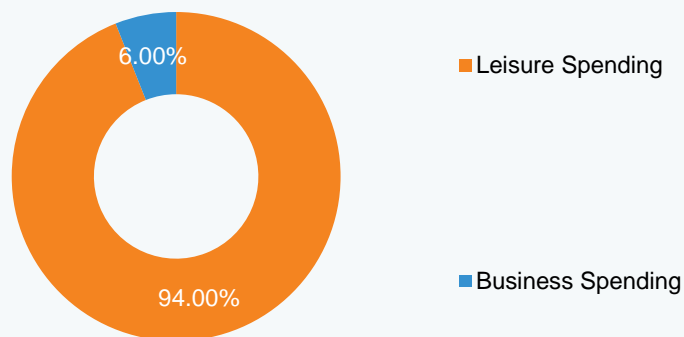


Note: FEE - Foreign Exchange Earnings, *- until March 2020

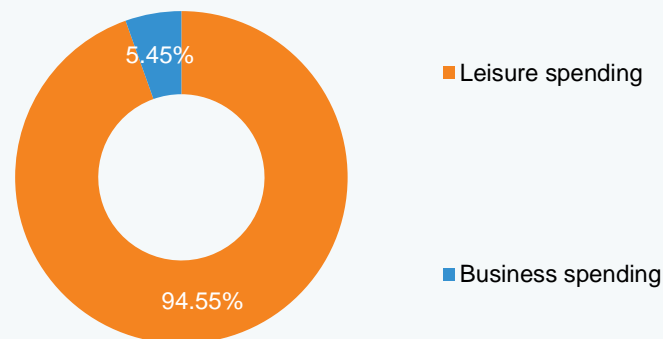
Source: Ministry of Tourism, Economic Times

Rising revenues from leisure and business segments

Segment-wise revenue share (2019)



Expected segment-wise revenue share (2028F)



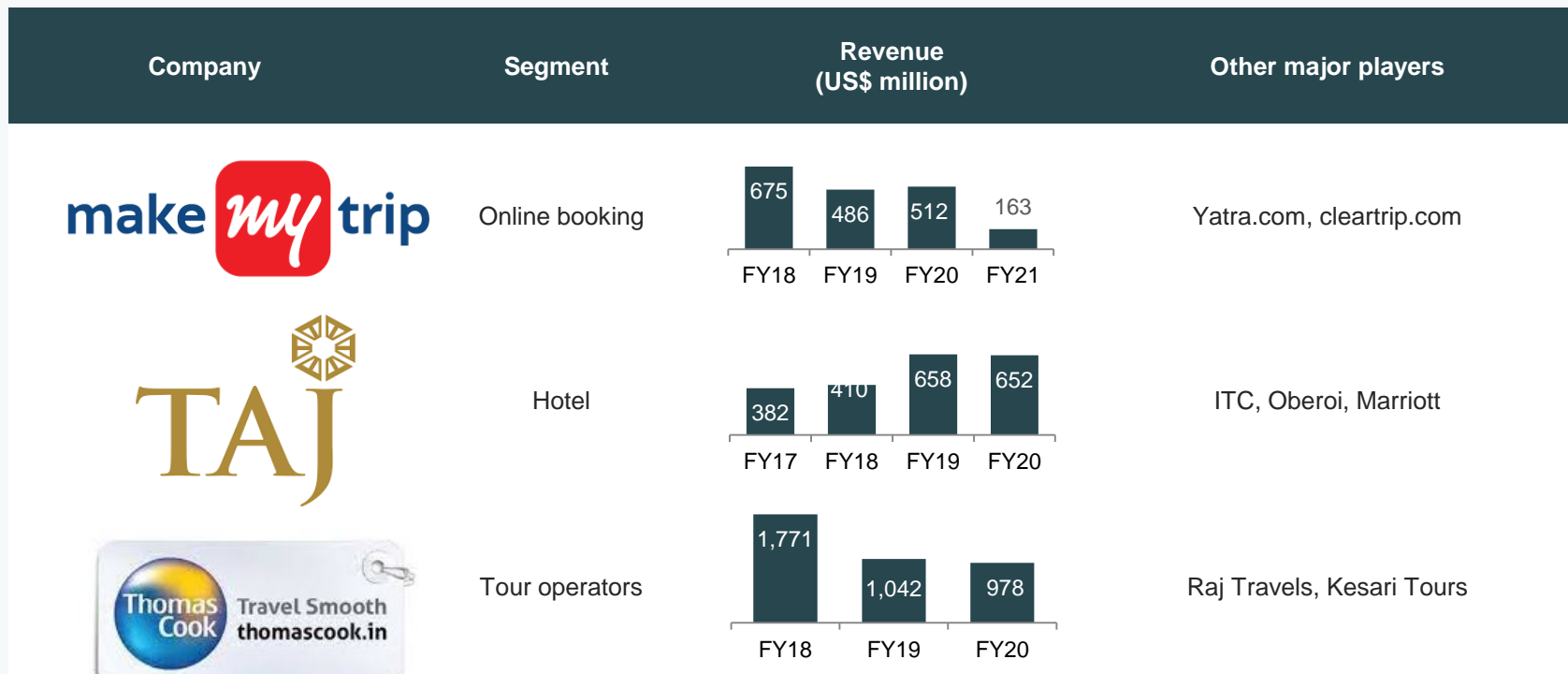
- Share of revenue from leisure travel to total tourism stood around 94.8% in 2019.
- Leisure travel spending reached US\$ 234.16 billion in 2019 and is expected to reach US\$ 432.3 billion by 2028F.
- Business travel revenue was US\$ 12.84 billion in 2019 and is projected to increase to US\$ 24.4 billion by 2028F.

Note: F-Forecasted

Source: World Travel & Tourism Council's (WTTC's) Economic Impact 2019

Major companies across segments

As per the Federation of Hotel & Restaurant Associations of India (FHRAI), in FY21, the Indian hotel industry has taken a hit of >Rs. 1.30 lakh crore (US\$ 17.81 billion) in revenue due to impact of the COVID-19 pandemic.



Source: Respective company website

Recent Trends and Strategies



Notable trends in the tourism industry in India

1. Lighthouse Tourism

- The government is planning to boost tourism in India by leveraging lighthouses in the country.
- 71 lighthouses have been identified in India for development as tourist spots.
- The lighthouses will feature museums, amphi-theatres, open air theatres, cafeterias, children's parks, eco-friendly cottages and landscaping according to its capacity.

2. Wellness tourism/ Staycation

- The widespread practice of Ayurveda, yoga, siddha and naturopathy complemented with nation's spiritual philosophy makes India a famous wellness destination. Staycation is also seen as an emerging trend where people stay at luxurious hotels to revive themselves of stress in a peaceful getaway.

3. 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 and increase cruise ships to 1,000.
- Zen cruises launched its premiere cruise line, Jalesh, and started its cruise service in India in April 2019.
- In November 2019, Chipsan Aviation introduced helicopter services from Willingdon Island, Cochin Port.



5. Camping sites

- Promotion of camping sites have been encouraged with adequate acknowledgement of its adverse effects on the environment.
- Besides providing unique rewarding experiences, responsible conduct of camping can be a major source of economic opportunity in remote areas as well as an instrument of conservation.
- The Ministry of Tourism has created a policy for development and promotion of caravan and caravan camping parks.

4. 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. Moreover, the Government has recognised Adventure tourism as a niche tourism product to attract tourists with specific interest.
- Part of India's tourism policy, almost every state has definite programme to identify & promote Adventure tourism.
- On January 25, 2021, Union Tourism and Culture Minister Mr. Prahlad Singh Patel announced plan to develop an international-level infrastructure in Kargil (Ladakh) to promote adventure tourism and winter sports.

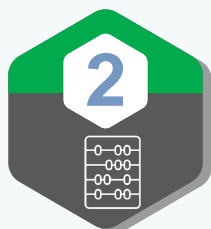
Source: Incredible India, Economic Times, News sources

Strategies adopted...(1/3)



PROMOTION OF DOMESTIC TOURISM

- In February 2021, the Ministry of Tourism under the Government of India's Regional Office (East) in Kolkata collaborated with Eastern Himalayas Travel & Tour Operator Association (resource partner) and the IIAS School of Management as (knowledge partner) to organise an 'Incredible India Mega Homestay Development & Training' workshop. 725 homestay owners from Darjeeling, Kalimpong and the foothills of Dooars were trained in marketing, sales and behavioural skills



MULTIPLE CHANNELS

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



SPIRITUAL TOURISM

- India has long been known as the seat of spiritualism and India's cosmopolitan nature is best reflected across its pilgrim centres.
- India has been recognised as a destination for spiritual tourism for domestic and international tourists.
- As spiritual tourism accounted for ~60% of the total domestic tourism in 2019, IHCL (Tata Group's Indian Hotel Company Ltd.) —a leading hotel group—is planning to expand its operations to cater to the demand in key spiritual destinations.
- In July 2021, the Indian Railway Catering and Tourism Corporation (IRCTC) announced to start a special train in September 2021 that will cover multiple top tourist destinations, including Char Dham—Badrinath, Jagannath Puri, Rameshwaram and Dwarkadhish.

Note: SOPs - Standard Operating Procedures, B&Bs - Bed and Breakfasts

Source: PIB

Strategies adopted...(2/3)



BRANDING

- The launch of several branding and marketing initiatives by the Government of India like Incredible India and Athiti Devo Bhava provides a focused impetus to growth.
- The Government has launched Incredible India 2.0 campaign to market specific promotional plans.



DATA ANALYTICS AND ARTIFICIAL INTELLIGENCE

- Companies have started using data analytics to create a 360-degree profile of their customers.
- Makemytrip have started using AI powered chatbots. 25% of its post-sales requests are now serviced by chatbots.



DEKHOAPNADESH WEBINAR

- The Ministry of Tourism launched DekhoApnaDesh webinar in April 2020 to provide information on the many destinations and the sheer depth and expanse of the culture and heritage of Incredible India.
- Webinar is available in the public domain along with Ministry's social media handles- IncredibleIndia on Instagram and Facebook.
- Until May 2021, 87 webinars have been conducted under the series.



M-VISA

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

Note: SOPs - Standard Operating Procedures, B&Bs - Bed and Breakfasts

Source: PIB

Strategies adopted...(3/3)



SAATHI INITIATIVE

- The Ministry of Tourism developed an initiative called SAATHI (System for Assessment, Awareness & Training for Hospitality Industry) by partnering with the Quality Council of India (QCI) in October 2020.
- The initiative will effectively implement guidelines/SOPs issued with reference to COVID-19 for safe operations of hotels, restaurants, B&Bs and other units.



LIGHTHOUSE TOURISM

- In March 2021, Prime Minister Narendra Modi announced that lighthouses in the country will be developed into tourist spots. 71 lighthouses have been identified for this purpose.
- The lighthouses will feature museums, amphi-theatres, open air theatres, cafeterias, children's parks, eco-friendly cottages and landscaping according to its capacity.



TOURIST FACILITATOR CERTIFICATION

- The Ministry of Tourism has introduced the Incredible India Tourist Facilitator (IITF) and Incredible India Tourist Guide (IITG) Certification Programme to create an online learning platform of well-trained tourist facilitators and guides across the country.
- The IITF concept is aimed to promote micro-tourism, i.e., tourism in less explored areas of the country.



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 and a host of other website provide a comprehensive basket of offerings which include outbound & inbound travel for leisure and business trips, hotel and car booking, holiday packages within India and abroad, etc.

Note: SOPs - Standard Operating Procedures, B&Bs - Bed and Breakfasts

Source: PIB



Growth drivers for the tourism market

2. INFRASTRUCTURE

- More than half of the Ministry of Tourism's budget is channelised for funding the development of destinations, circuits, mega projects as well as rural tourism infrastructure projects.
- Tourism Ministry is currently developing several theme-based tourist circuits under Swadesh Darshan Scheme to promote tourism.
- In March 2021, the government announced to develop landmark destinations in 78 lighthouses across the coastline to promote maritime tourism in India.

3. GROWING DEMAND

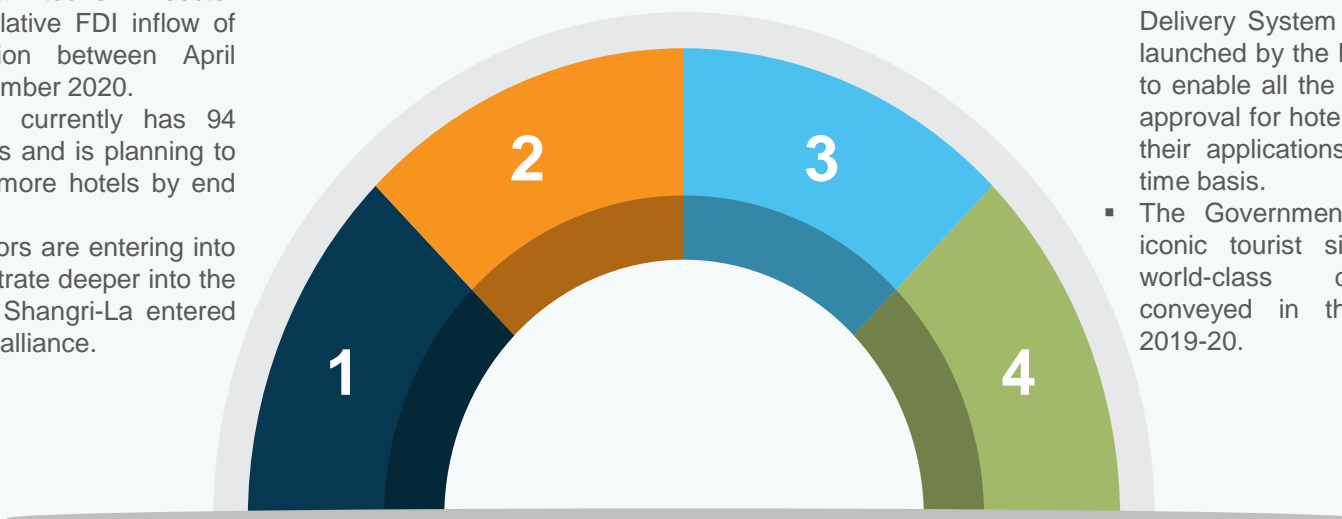
- Domestic expenditure on tourism is expected to rise due to the growing income of households.
- Several niche offerings such as medical tourism & eco tourism are expected to create more demand.
- By 2029, India's tourism sector is expected to reach Rs. 35 trillion (US\$ 488 billion) with a growth of 6.7% and accounting for 9.2% of the total economy.

1. RISING FDI

- The hotel & tourism sector received cumulative FDI inflow of US\$15.61 billion between April 2000 and December 2020.
- Carlson group currently has 94 operating hotels and is planning to add about 30 more hotels by end of 2023.
- Hospitality majors are entering into tie-ups to penetrate deeper into the market. Taj & Shangri-La entered into a strategic alliance.

4. POLICY SUPPORT

- A web based Public Service Delivery System (PSDS) had been launched by the Ministry of Tourism to enable all the applicants seeking approval for hotel projects and track their applications online on a real time basis.
- The Government will develop 17 iconic tourist sites in India into world-class destinations as conveyed in the Union Budget 2019-20.

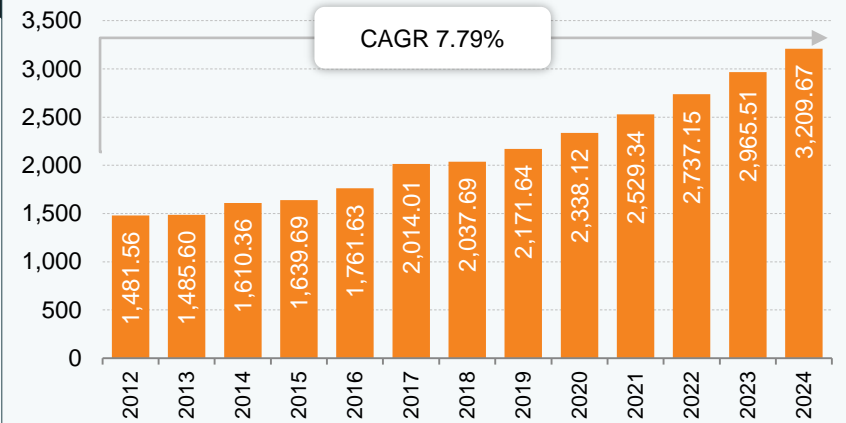


Source: Make in India, DPIIT

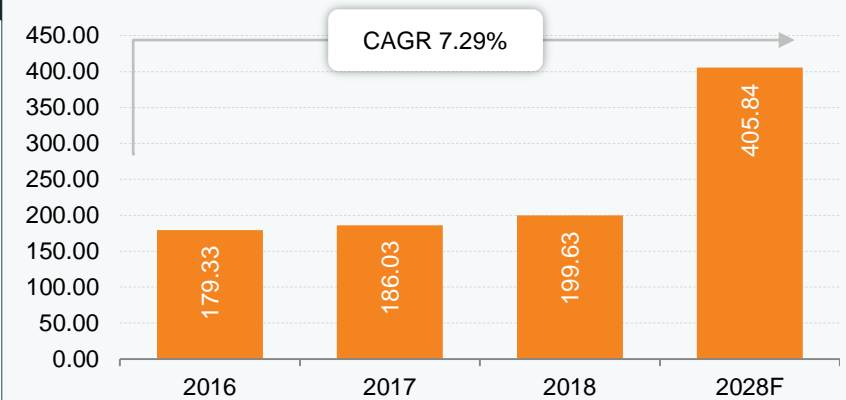
Rise in income and changing demographics boosting demand

- Rising income mean a steady growth in the ability to access healthcare & related services
- India's GDP per capita at current prices was US\$ 2,171.64 in 2019. It is expected to reach US\$ 3,209.67 by 2024.
- Domestic expenditure on tourism has grown significantly.
- It is expected to reach US\$ 405.84 billion by 2028 from being at US\$ 199.63 billion in 2018.
- As the lockdown restrictions are now relaxed, many people look forward to revive themselves with short vacations. Holiday-goers will now prefer private hotel rooms and vacation homes to feel secure during their trips.
- To cater to such needs, Marriott International introduced staycation offers were guests can choose from a host of curated experiences, within the hotel.
- Oberoi hotels have also introduced staycation packages The exciting offer includes accommodation with flexible check in and check out timings, daily breakfast, and additional savings on food, beverages and laundry services

GDP Per Capita at Current Prices (US\$)



Domestic Expenditure on Tourism (US\$ billion)



Source: International Monetary Fund, World Economic Outlook Database, April 2019, WTTC - Travel & Tourism Economic Impact 2019

Swadesh Darshan

- Based on specific themes, Government has identified 15 circuits which include Krishna Circuit, Buddhist Circuit, Himalayan Circuit, Northeast Circuit, Coastal Circuit, wildlife circuit and tribal circuit.
- So far, 77 projects for an amount Rs. 6,035.70 crore (US\$ 836.60 million) have been sanctioned under the Swadesh Darshan Scheme since FY15.
- Under the Budget 2021-22, the government has allotted Rs. 1088.03 crore (US\$ 148.2 million) for development of tourism infrastructure under Swadesh Darshan for the entire Northeast region.

PRASHAD

- National Mission on Pilgrimage Rejuvenation & Spiritual Augmentation was implemented by the Ministry for enhancing the facilities and infrastructure provided at pilgrimage centres across the country.
- Under Budget 2020-21, the Government has allocated Rs. 207.55 crore (US\$ 29.70 million) for the development of tourist circuits under PRASHAD.
- As of now, a total of 28 projects have been sanctioned for an amount of Rs. 840.02 crore (US\$ 120.19 million) under this scheme.
- On November 4, 2020, the Union Minister of State (IC) for Tourism & Culture Shri. Prahlad Singh Patel inaugurated the “Tourist Facilitation Centre” facility constructed under the project “Development of Guruvayur, Kerala” (under the PRASHAD Scheme of the Ministry of Tourism)

NIDHI

- The Ministry of Tourism launched the NIDHI portal to understand the geographical spread of the hospitality sector, its size, structure and existing capacity in the country.
- NIDHI will serve as a common data repository for the Ministry of Tourism, State Departments of Tourism and Industry; this will enable the Central and State Governments to deliver better support and services including policies and strategies for the tourism sector.
- As of December 31, 2020, 34,399 accommodation units have been registered on the portal.

Note: National Mission on Pilgrimage Rejuvenation and Spiritual, Heritage Augmentation Drive

Source: Union Budget

National Tourism Policy 2015

- Formulation of National Tourism Policy 2015 was initiated to encourage Indian citizens to explore their own country as well as position the country as a 'Must See' destination for global travellers.
- Under Union Budget 2020-21, Rs. 590 crore (US\$ 84.42 million) has been allocated for promotion and publicity of various programmes and schemes of the Tourism Ministry.

Tourist Police

- In March 2018, Ministry of Tourism initiated State Governments/Union Territory (UT) administrations of India to deploy tourist police.
- In November 2019, Nagaland deployed a separate tourist police.

Tax Incentives

- An investment-linked deduction under Section 35 AD of the Income Tax Act is in place for establishing new hotels under 2-star category and above across India, thus permitting a 100% deduction in respect of the whole or any expenditure of capital nature.
- In 2019, the Government reduced GST on hotel rooms with tariffs of Rs. 1,001 (US\$ 14.32) to Rs. 7,500 (US\$ 107.31) per night to 12% and those above Rs. 7,501 (US\$ 107.32) to 18% to increase India's competitiveness as a tourism destination.

Safety and Security Initiatives

- Ministry of Tourism launched a 24x7 toll free multilingual tourist information helpline in 12 languages to provide information related to travel in India.
- Ministry of Tourism issued guidelines on Safety and Security for States/UTs along with tips for travelers.
- Launched social media awareness campaign in the spirit of 'Atithidevo Bhava' to develop importance of good conduct and behavior towards tourists.
- Initiative to conduct constant dialogue with States/UTs for drawing ideas for development and promote tourism.

Source: World Travel & Tourism Council, Union Budget 2020 - 21

Special Boards & Webinars

- The Ministry has set up Hospitality Development & Promotion Board to monitor and facilitate hotel project clearances/approvals.
- In May 2021, the Union Minister of State for Tourism & Culture Mr. Prahlad Singh Patel participated in the G20 tourism ministers' meeting to collaborate with member countries in protecting tourism businesses, jobs and taking initiatives to frame policy guidelines to support the sustainable and resilient recovery of travel and tourism.
- In March 2021, the Indian regional tourism department organised over 300 virtual meetings to tap the tourism potential in the Philippines, Malaysia and Singapore post COVID-19. The three countries pose tremendous opportunities for the Indian tourism as about 9.28 lakh tourists from ASEAN countries visited India in 2019—an increase of 4.66% over the year.

Bharat Darshan Tourist Train

- The Indian Railway Catering and Tourism Corporation (IRCTC) runs a series of Bharat Darshan tourist trains aimed at taking people to various pilgrimages across the country.

E-tourist Visa

- The number of tourists arriving on e-Tourist Visa grew 23.6% YoY to 2.36 million in 2019.
- Foreigners travelling to India on e-Tourist Visa will receive a pre-activated BSNL SIM card loaded with talk-time and data.

Jail Tourism Initiative

- On January 26, 2021, the Maharashtra state prison department launched a jail tourism initiative.
- Under this initiative, tourists can visit the 150-year-old Yerawada Central Prison in Pune and experience its historical significance.
- Considering the prison security and COVID-related safety concerns, only 50 people will be allowed to visit the prison everyday.

Source: World Travel & Tourism Council, Union Budget 2020 - 21

State Initiatives to Promote Tourism

There is stiff competition among tourism boards from across the country to woo domestic travellers, with an increasing number of people opting for local destinations. Key recent developments by state tourism departments are as follows:

Jammu & Kashmir:

- In April 2021, a mega tourism promotion event “Tapping the Potential of Kashmir: Another Day in Paradise” was organised in Srinagar. The event aimed to showcase the myriad tourism products of Jammu & Kashmir and promote tourism in the region as the destination for leisure, adventure, eco, wedding, films and MICE tourism.

Uttarakhand:

- In April 2021, Uttarakhand Chief Minister Tirath Singh Rawat announced an additional 50 vehicles for women drivers for the next tourism season at Corbett Tiger Reserve. Additionally, a light and sound show, apart from an amphi-theatre, will also be started and the under-construction wildlife rescue centre at the Dhela Range of the tiger reserve will be opened to tourists.

Kerala:

- In February 2021, Kerala has rolled out a string of new projects for Rs. 60 crore (US\$ 8 million) to encourage tourism and lend visibility to 25 locations in rural and semi-urban areas across the state.

Odisha:

- In February 2021, Odisha Finance Minister Mr. Niranjana Pujari announced an allocation of Rs. 942 crore (US\$ 128 million) for three temple projects in Puri, Bhubaneswar and Sambalpur to boost temple tourism in the state.
- In June 2021, the Odisha government announced to provide a financial package for the COVID-hit tourism sector in the state.
- In July 2021, the Odisha Tourism Development Corporation (OTDC) invited applications to operate shacks in six key beaches of the state.

Madhya Pradesh:

- In May 2021, the state announced to launch ‘Safe tourism for women’ in 50 destinations at a cost of Rs. 27.98 crore (US\$ 3.8 million).

Assam

- In June 2021, the state announced to add two more national parks—Dihing Patkai and Raimona, taking the total count to seven.

State Initiatives to Promote Tourism

Tamil Nadu

- In July 2021, the Tamil Nadu state government decided to implement an integrated mega tourism plan, which included new lighting arrangements for the Thiruvalluvar statue at Kanyakumari, starting renovations at Poompuhar tourist spot and improving roads leading to tourist spots, spiritual places and adventure tourism spots. It also includes unveiling a new tourism policy, establishing more hotels, resorts, and convention centres and increasing contribution of public and private sectors in the tourism sector.

Gujarat

- In June 2021, Gujarat rolled out the development of National Maritime Heritage Complex to attract international tourists. The complex will include features such as a heritage theme park, a national maritime heritage museum, a lighthouse museum, a maritime institute and eco-resorts.

Andhra Pradesh

- In July 2021, Andhra Pradesh Tourism Authority urged stakeholders in the tourism sector in the state to register with the Andhra Pradesh Tourism under the Tourism Trade Registration and Facilitation Guidelines 2020.

All India Tourist Vehicles Authorisation and Permit Rules, 2021

- The Ministry of Road Transport and Highways has introduced a new scheme called 'All India Tourist Vehicles Authorisation and Permit Rules, 2021', in which a tourist vehicle operator can register online for All India Tourist Authorisation/Permit.
- This permit will be issued within 30 days of submitting the application.
- The scheme will be applicable from April 1, 2021, and promote tourism across the country.

Air bubble with Sri Lanka

- In April 2021, India formed an air bubble with Sri Lanka, making it the sixth such arrangement in the SAARC region and 28 in total. The arrangement will permit eligible passengers to travel between the two countries soon.
- The Indian government is also in talks with Thailand's tourism department for creating an air bubble so that flights can resume between the two countries.

New Tourism Policy in Progress

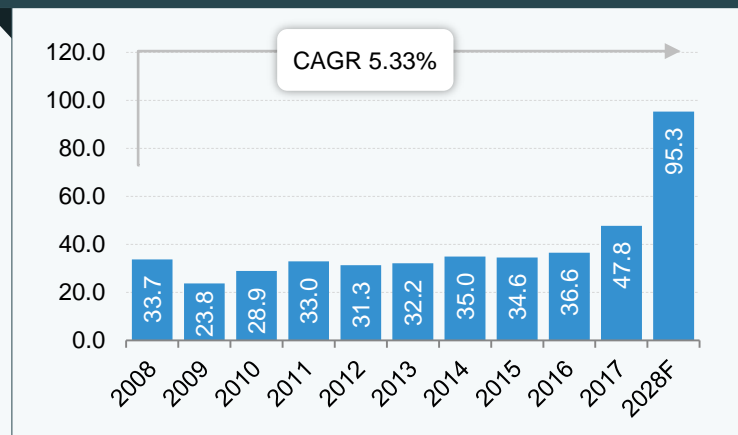
- In March 2021, Tourism Minister Prahlad Singh Patel has announced that India will soon unveil a new tourism policy.
- The new policy focuses on developing medical & religious tourism and will add new destinations other than the popular ones such as the Taj Mahal and Qutub Minar.
- Initiatives are also taken to introduce Chinese and Korean languages in tourist destinations that have more than 1 lakh visitors.

Source: World Travel & Tourism Council, Union Budget 2020 – 21, News Articles

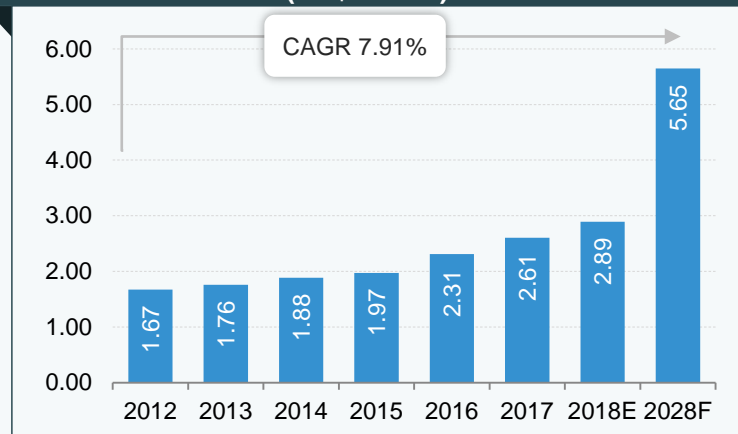
Continued growth in investments in the tourism sector

- Hilton plans to add 18 hotels pan India by 2021, along with 15 operational hotels under its brands—Hampton, Hilton Garden Inn, Conrad, Hilton Hotels & Resorts and DoubleTree by Hilton. On October 22, 2020, Hilton launched its first DoubleTree by Hilton brand in Jaipur, Rajasthan.
- OYO Rooms is planning to invest about Rs. 1,400 crore (US\$ 200 million) towards capital expenditure, technology and leadership in its Indian and South Asia business.
- Amatra Hotels and Resorts, a wholly-owned subsidiary of Amatra Group Holdings, and SDN BHD Malaysia plans to increase the number of keys in its Indian properties to 250 by the end of March 2020.
- In January 2021, the Fern Hotels & Resorts India announced plan to open 8 new hotels in the first half of 2021. The new hotels will be opening in Gujarat, Maharashtra, Madhya Pradesh and Andhra Pradesh.
- Indian Hotels Company (IHCL) expanded its portfolio by adding 24 hotels with an inventory of over 2,800 keys in FY20. IHCL is expected to add 50 new hotels to the existing line up of 165 hotels including 148 in India. Currently, real estate company Ambuja Neotia Group has five deals with IHCL—two in Kolkata and one each in Kurseong, Gangtok and Patna. Collectively, the company will develop up to 500 rooms for an investment of Rs. 800 crore (US\$ 109 million). The IHCL announced to develop a hotel in Darjeeling, a safari lodge in Gorumara and resorts in Sunderbans and Sikkim's Labong after completion of the current projects.
- In February 2021, hospitality firm Choice Hotels India announced plans to open 10 hotels in locations such as Bengaluru, Indore, Kochi, Manali, Rishikesh, Udaipur, Kolkata, Chennai and Bareilly.
- In February 2021, IHG Hotels and Resorts announced the first opening of 2021 in India with a Holiday Inn in Zirakpur (Chandigarh).
- In April 2021, Dream Hotel Group announced plans to invest about US\$300 million in the next 3-5 years for development of the cruise sector in India.

Capital investments in the tourism sector (US\$ billion)



Collective Government spending on tourism (US\$ billion)

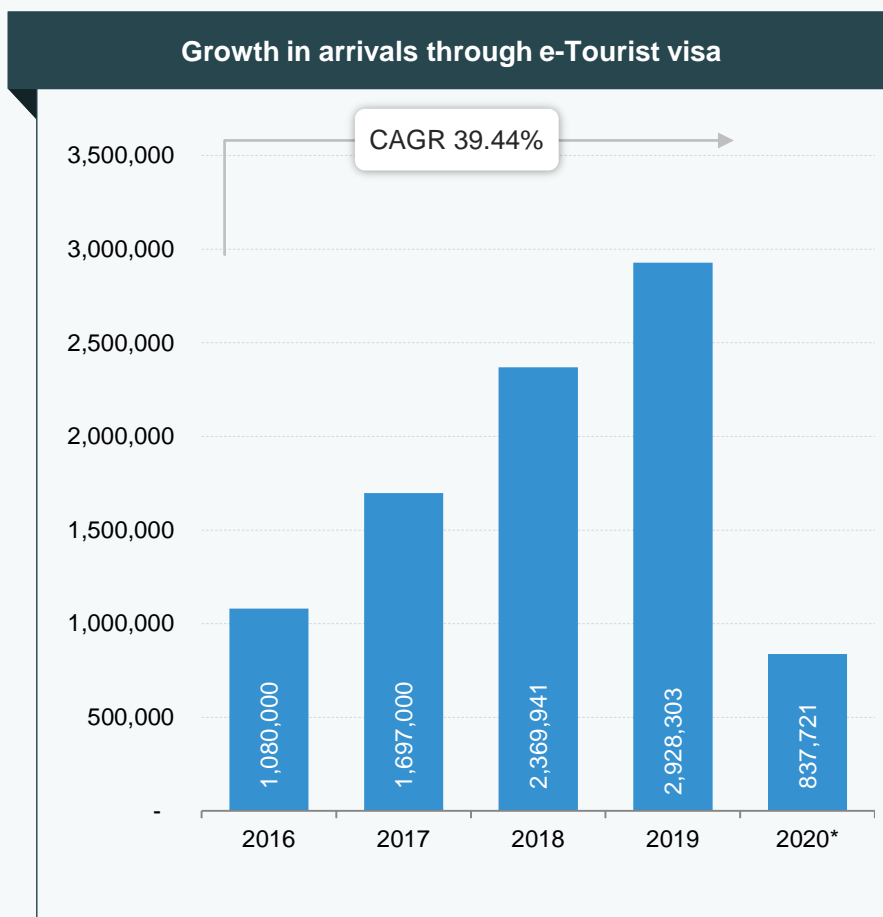


Note: E - Estimated, F- Forecast

Source: World Travel & Tourism Council's Economic Impact 2018, 2017, News Articles

Growth in arrivals through e-tourist visa

- In November 2014, the government introduced e-Tourist Visa to facilitate arrival of nationals from 43 countries. As of March 2021, the facility was extended to 171 countries.
- The e-Tourist Visa is part of e-Visa facility which includes e-Business Visa, e-Conference Visa, e-Medical Visa and e-Medical Attendant Visa.
- Tourist arrivals through e-Tourist Visa increased at a CAGR of 39.44% during 2016 -19 to reach 2.93 million tourists in 2019.
- In 2020 (Jan-Nov), 8.38 million foreign tourists arrived on e-Tourist Visa, registering -67.2% growth.



Note: P- Provisional, *-Until November 2020

Source: Ministry of Tourism

Opportunities



OPPORTUNITIES

Niche segments offer good opportunities

Medical tourism

- The presence of world-class hospitals & skilled medical professionals makes India a preferred destination for medical tourism.
- The Services Export Promotion Council, the Ministry of Commerce, estimates the global medical tourism market to be worth US\$ 46.6 billion in 2021, with Asia-Pacific accounting for the largest share (40%). In a bid to position India as the global wellness and ayurveda hub, the tourism ministry is planning to register all wellness centres in the country after the pandemic.

Cruise tourism

- Cruise is one of the most dynamic & fastest-growing segments in the global leisure industry. Indian government 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 7,500 km coastline to tap growth potential of the cruise tourism segment.
- In April 2021, Dream Hotel Group announced plans to invest ~US\$300 million in the next 3-5 years for development of the cruise sector in India. The group has also launched Cordelia Cruises in affiliation with Waterways Leisure Tourism Private Limited, which will begin its cruise operations in India from May 2021.
- India signed a deal of worth US\$ 950 million with Russia for two upgraded cruises. These ships are expected to be delivered by 2022.

Rural tourism

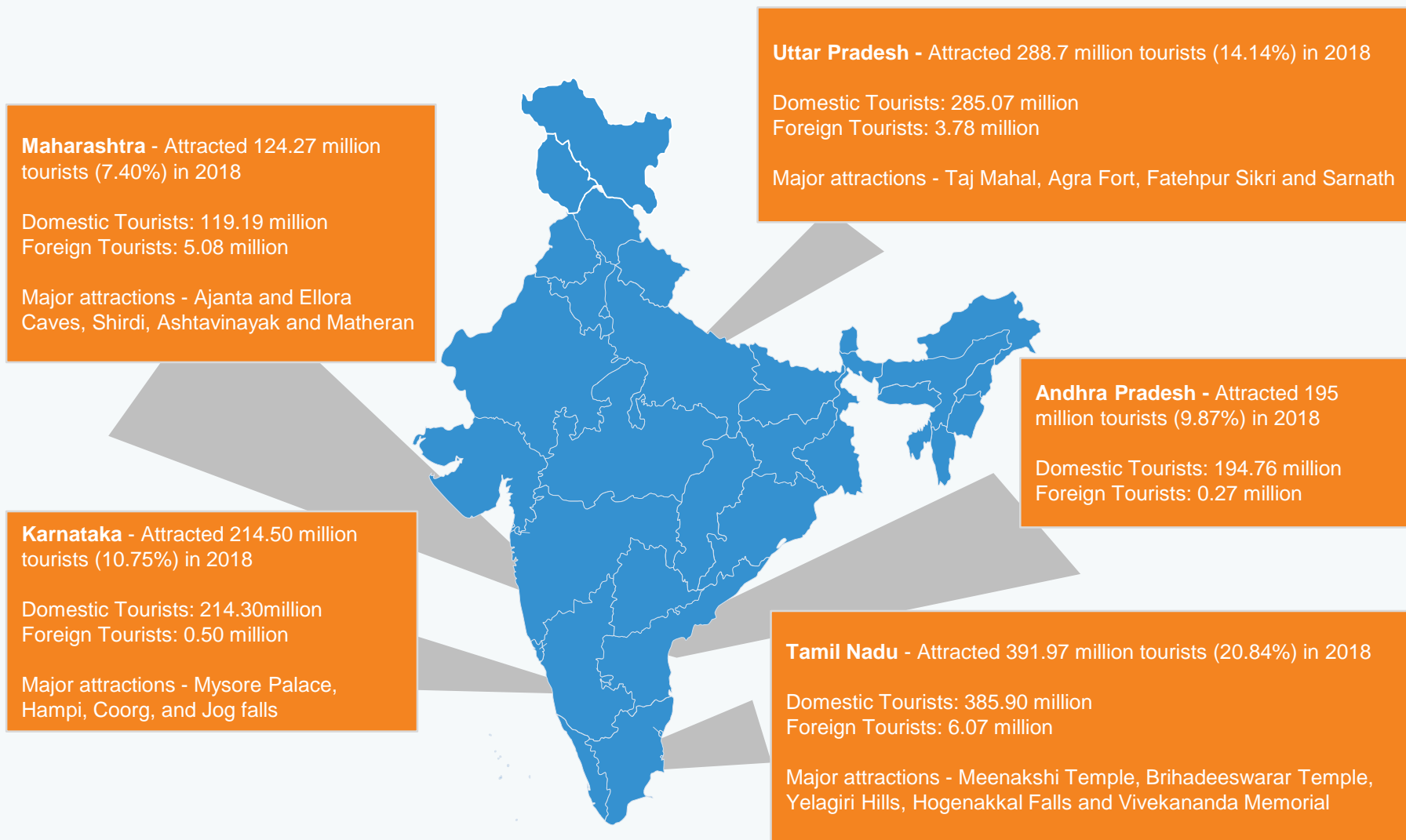
- The potential for development of rural tourism in India is high as most of its population reside in rural areas.
- This can benefit the local community economically and socially and facilitate interaction between tourists and locals for a mutually enriching experience.

Eco tourism

- India is often termed as the hotspot for bio-diversity and its rich natural heritage is unparalleled in many ways. As of December 2020, the country comprised ~104 national parks and 566 sanctuaries.
- Such valuable resource base gives impetus for the practice of variety of alternate tourism forms & many of which are already in existence.
- In January 2021, Old Goa-based Indian Council of Agricultural Research-Central Coastal Agricultural Research Institute (ICAR-CCARI) launched the agro-eco tourism (AET) module as a potential alternative to regular tourism.

Source: Ministry of Tourism, BMI

Leading states/UTs in terms of tourists



Source: Ministry of Tourism

Airlines industry set to fly higher

Low-cost airlines

- Growth in low-cost airlines is expected to lower tourism cost and increase domestic spending on tourism. Low-cost flights under Ude Desh ka Aam Naagrik (UDAN) scheme are expected to connect underserved regions in the country and promote domestic tourism.
- Under RCS-UDAN scheme, ~34,74,000 passengers were flown and 335 routes were awarded during 2019, covering 33 airports (20 unserved, 3 underserved, 10 water aerodromes).

Increase in international flight operators

- 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 is already serving the Indian skies.
- Players like Etihad and Vistara have entered the country in the last few years.

Increasing number of airports

- The Airport Authority of India aims to start operating 250 airports across the country by 2020. As of 2019, there were 132 operational airports in India.

Higher investments

- In the Union Budget 2018-19, the Government proposed to develop 10 prominent sites into iconic tourist destinations.

Higher passenger traffic



- In FY19, domestic air traffic and International air traffic in India increased 14.1% and 3.4% YoY, respectively.

Source: World Travel & Tourism Council

Key Industry Contacts



Key industry contacts

	Agency	Contact Information
	<p>Federation of Hotel & Restaurant Associations of India (FHRAI)</p>	<p>B-82, 8th Floor, Himalaya House, 23, Kasturba Gandhi Marg, New Delhi - 110001 Phone: 91-11- 40780780 Fax: 91-11- 40780777 E-mail: fhrai@fhrai.com Website: https://www.fhrai.com/</p>
	<p>Hotel Association of India (HAI)</p>	<p>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 E-mail: info@hotelassociationofindia.com hai@hotelassociationofindia.com Website: http://www.hotelassociationofindia.com/</p>



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
- Rs.: Indian Rupee
- US\$: US Dollar
- Wherever applicable, numbers have been rounded off to the nearest whole number

Exchange rates

Exchange Rates (Fiscal Year)

Year	Rs. Equivalent of one US\$
2004-05	44.95
2005-06	44.28
2006-07	45.29
2007-08	40.24
2008-09	45.91
2009-10	47.42
2010-11	45.58
2011-12	47.95
2012-13	54.45
2013-14	60.50
2014-15	61.15
2015-16	65.46
2016-17	67.09
2017-18	64.45
2018-19	69.89
2019-20	70.49
2020-21	73.20

Exchange Rates (Calendar Year)

Year	Rs. Equivalent of one US\$
2005	44.11
2006	45.33
2007	41.29
2008	43.42
2009	48.35
2010	45.74
2011	46.67
2012	53.49
2013	58.63
2014	61.03
2015	64.15
2016	67.21
2017	65.12
2018	68.36
2019	69.89
2020	74.18
2021*	74.50

Note: As of July 2021

Source: Reserve Bank of India, Average for the year

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