

TOURISM & HOSPITALITY



March 2021

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Executive summary

1. Contribution to GDP above world average

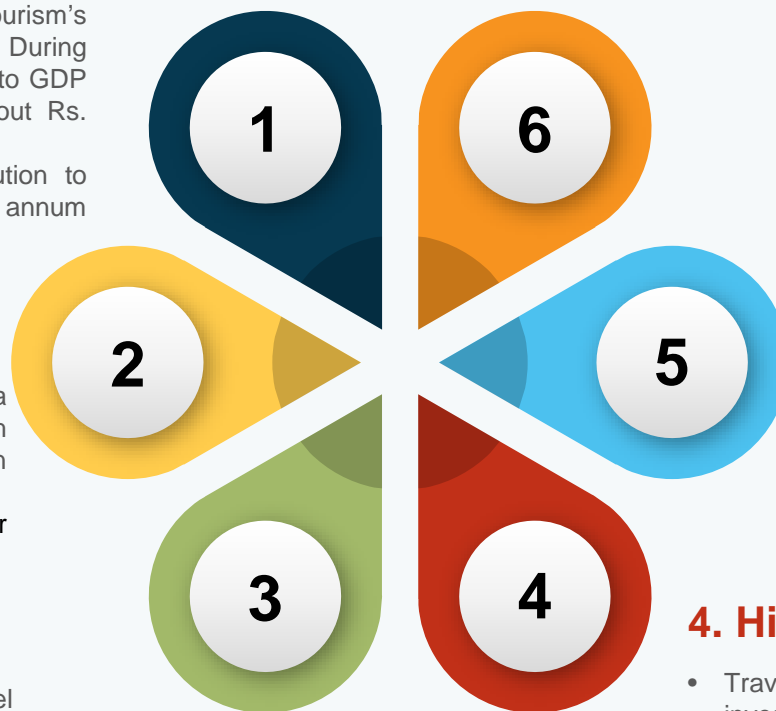
- According to WTTC, India ranked 10th among 185 countries in terms of travel & tourism's total contribution to GDP in 2019. During 2019, contribution of travel & tourism to GDP was 6.8% of the total economy, about Rs. 13,68,100 crore (US\$ 194.30 billion).
- In India, the sector's direct contribution to GDP is expected to grow by 7.1% per annum during 2018-28.

2. Creating higher employment

- In FY20, tourism sector in India accounted for 39 million jobs, which was 8.0% of the total employment in the country.
- By 2029, it is expected to account for about 53 million jobs.

3. Recognition

- India ranked 34th on the world travel and tourism index driven by rich natural and cultural resources.
- The World Economic Forum ranked India as the 5th best destination on the Natural Heritage Index in the world.



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.
- During 2019, a total of 2,928,303 tourists arrived on e-Tourist Visa, registering a growth of 23.6%.

5. Increasing visitor export

- Contribution of visitor export to total export is estimated to increase 5.5% per annum during 2018-2028.
- By 2028, international tourist arrivals are expected to reach 30.5 billion and generate revenue over US\$ 59 billion.

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

- ▶ By 2020, medical tourism industry of India is expected to touch US\$ 9 billion.
- ▶ 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 Mr. 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



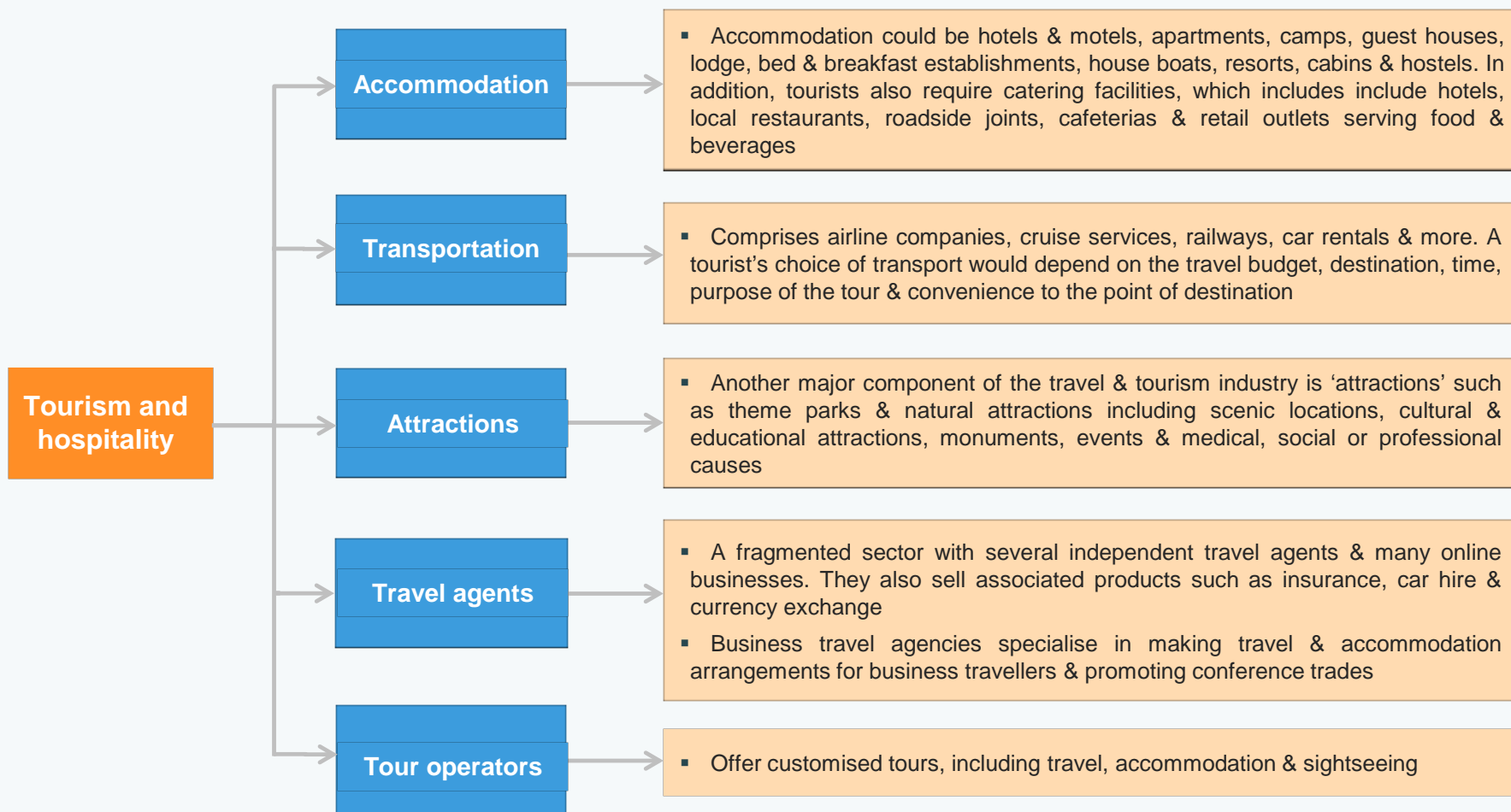
- A national policy on tourism was announced in 2002, focusing on developing a robust infrastructure
- Online travel portals & low-cost carrier airlines gave a boost to domestic tourism.

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

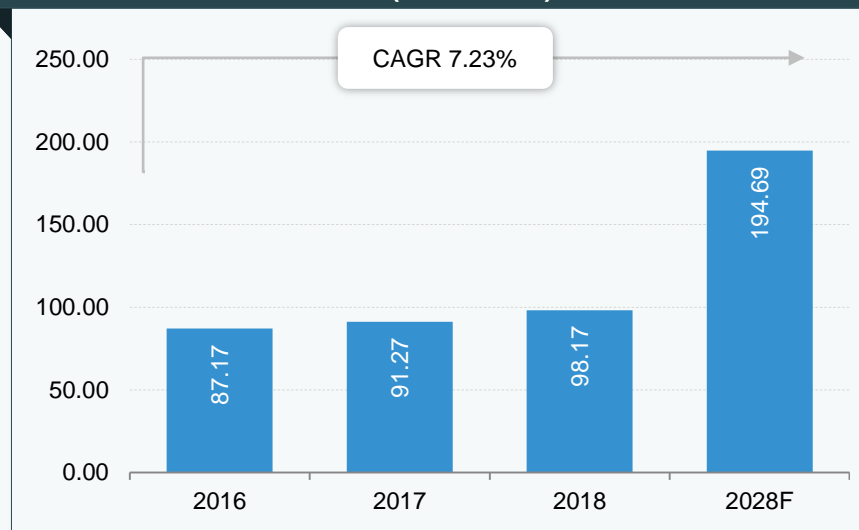
5. Heritage tourism

- 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

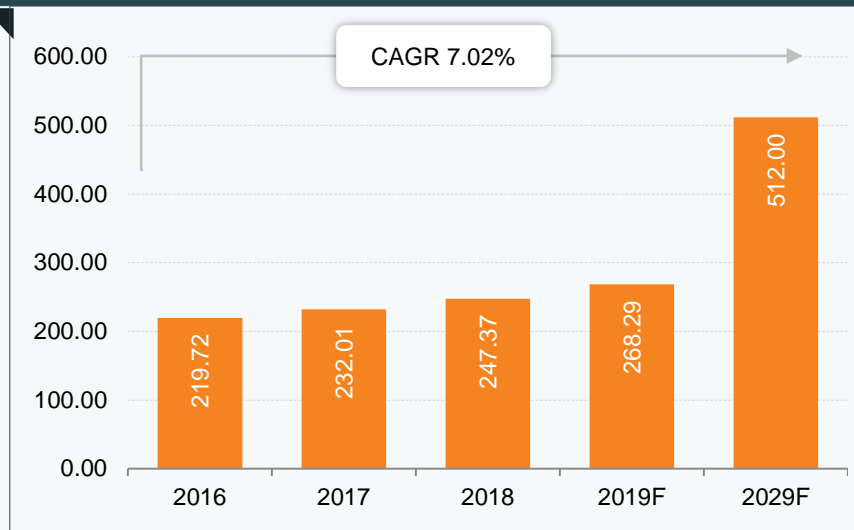
Source: Dun and Bradstreet's Report on Tourism in India

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)



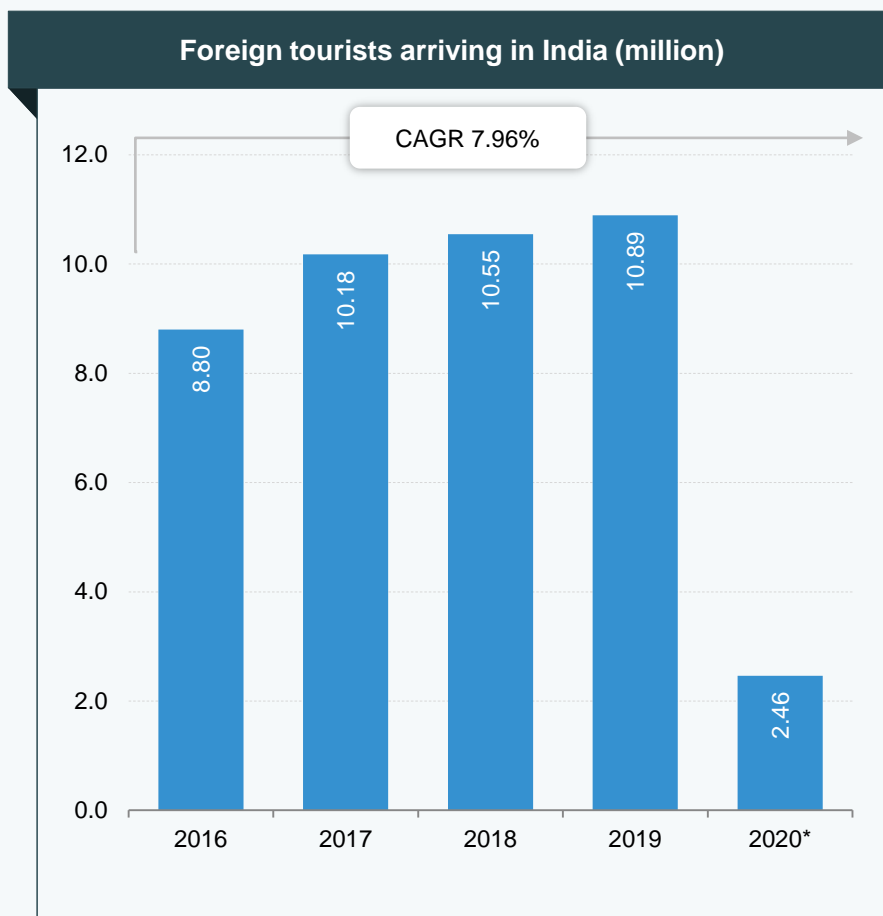
- India was ranked 34th in the Travel & Tourism Competitiveness Report 2019 published by the World Economic Forum and contributes almost US\$ 247 billion to the country's GDP. It is the third-largest foreign exchange earner for the country.
- Prior to the pandemic, the Indian travel and tourism industry was expected to witness an annual growth rate of 6.9% during 2019-2028 to reach US\$ 460 billion, which would be equal to ~9.9% of India's GDP in 2028.
- 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).
- The tourism & hospitality sector's direct contribution to GDP is expected to reach Rs. 12.68 trillion (US\$ 194.69 billion) in 2028. The Federation of Associations in Indian Tourism and Hospitality (FAITH) Chairman Mr. Nakul Anand, recently spoke at a conference on the India Tourism Vision Day stating that Indian tourism is estimated to contribute 9-10% to India's GDP on a direct and indirect basis.

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

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

Foreign arrivals expected to rise post pandemic

- During 2019, foreign tourist arrivals (FTAs) in India stood at 10.89 million, achieving a growth rate of 3.20% y-o-y.
- 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% y-o-y to 2.9 million.
- The Government is working to achieve 1% share in world's international tourist arrivals by 2020 and 2% share by 2025.
- In 2020*, FTAs in India stood at 2.46 million.
- 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.
- Subsequently in November end, India introduced a graded relaxation of its visa and travel restrictions for more categories of foreign nationals and Indian nationals.
- 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.

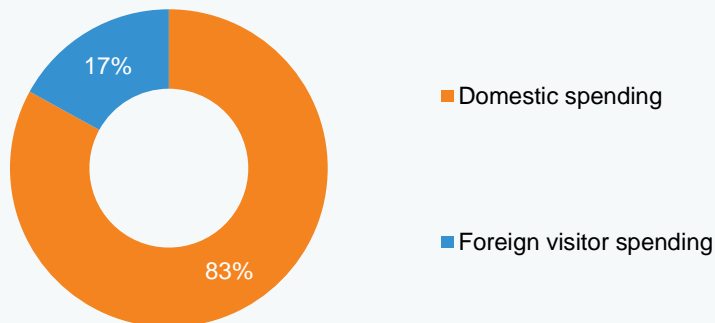


Note: CY - Calendar Year, E- Estimated, T-Target., FTAs - Foreign Tourist Arrivals, CAGR upto 2019, *- until June 2020

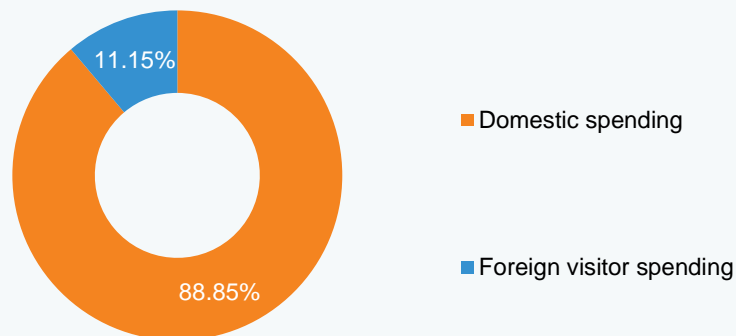
Source: Ministry of Tourism

Domestic consumers to lead growth

Share of tourists by expenditure (2019)



Expected share of tourists by expenditure (2028F)



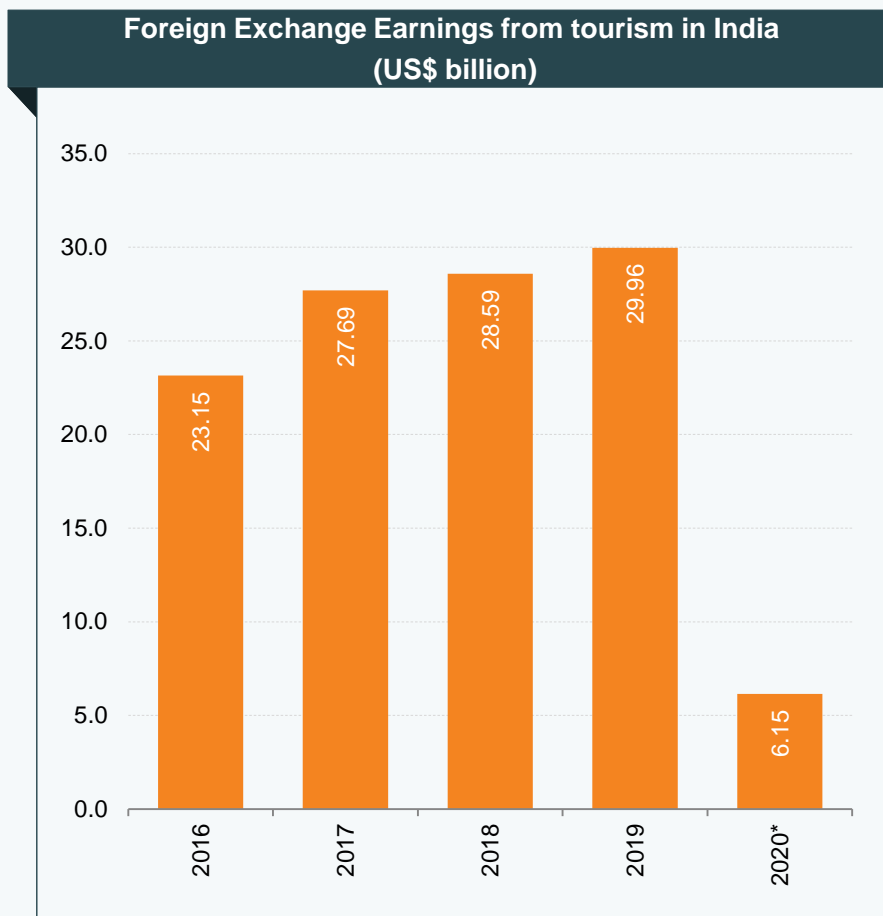
- Domestic travel revenue is estimated at US\$ 215.38 billion in 2019 and is anticipated to further increase to US\$ 405.8 billion by 2028F.
- While the pandemic brought the tourism industry to a halt, the government is at the moment trying to begin with reviving domestic tourism.
- On January 26, 2021, 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.

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 y-o-y 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.

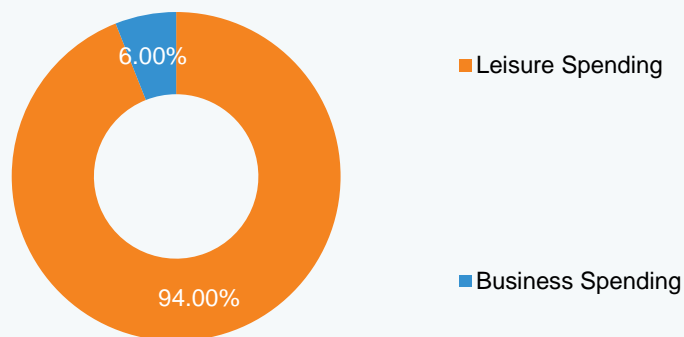


Note: FEE - Foreign Exchange Earnings, *- until March 2020

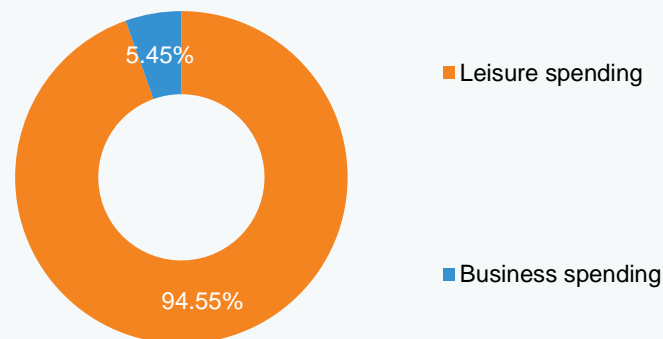
Source: Ministry of Tourism, Economic Times

Rising revenues from leisure and business segments

Segment-wise revenue share (2019)



Expected segment-wise revenue share (2028F)


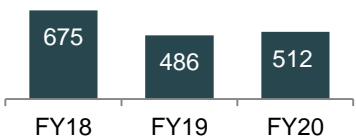

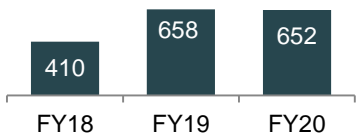

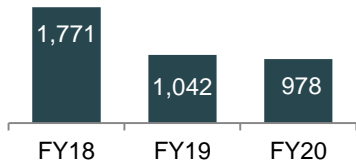


- Share of revenue from leisure travel to total tourism stood around 94.8% in 2019.
- Leisure travel spending reached US\$ 234.16 billion in 2019 and is expected to reach US\$ 432.3 billion by 2028F.
- Business travel revenue was US\$ 12.84 billion in 2019 and is projected to increase to US\$ 24.4 billion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

Note: F-Forecasted

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

Major companies across segments

| Company | Segment | Revenue (US\$ millions) | Other major players | | | | | | | | |
|---|-------------------------|--|---------------------|-------------------------|------|-------|------|-------|------|-----|---------------------------|
|  | Online booking |  <table border="1"> <tr><th>FY</th><th>Revenue (US\$ millions)</th></tr> <tr><td>FY18</td><td>675</td></tr> <tr><td>FY19</td><td>486</td></tr> <tr><td>FY20</td><td>512</td></tr> </table> | FY | Revenue (US\$ millions) | FY18 | 675 | FY19 | 486 | FY20 | 512 | Yatra.com, cleartrip.com |
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| FY18 | 675 | | | | | | | | | | |
| FY19 | 486 | | | | | | | | | | |
| FY20 | 512 | | | | | | | | | | |
|  | Hotel |  <table border="1"> <tr><th>FY</th><th>Revenue (US\$ millions)</th></tr> <tr><td>FY18</td><td>410</td></tr> <tr><td>FY19</td><td>658</td></tr> <tr><td>FY20</td><td>652</td></tr> </table> | FY | Revenue (US\$ millions) | FY18 | 410 | FY19 | 658 | FY20 | 652 | ITC, Oberoi, Marriott |
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| FY18 | 410 | | | | | | | | | | |
| FY19 | 658 | | | | | | | | | | |
| FY20 | 652 | | | | | | | | | | |
|  | Tour operators |  <table border="1"> <tr><th>FY</th><th>Revenue (US\$ millions)</th></tr> <tr><td>FY18</td><td>1,771</td></tr> <tr><td>FY19</td><td>1,042</td></tr> <tr><td>FY20</td><td>978</td></tr> </table> | FY | Revenue (US\$ millions) | FY18 | 1,771 | FY19 | 1,042 | FY20 | 978 | Raj Travels, Kesari Tours |
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| FY18 | 1,771 | | | | | | | | | | |
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| FY20 | 978 | | | | | | | | | | |

Source: Respective company website

Recent Trends and Strategies



Notable trends in the tourism industry in India

1. Online travel operators

- Over 70% of air tickets are now being booked online in the country.
- Several online travel & tour operators have emerged in India and are customized options to consumers.
- In December 2020, Thomas Cook India, along with its arm SOTC, collaborated with WelcomHeritage Hotels to introduce holiday experiences across India.

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. Prahlaad Singh Patel announced plan to develop an international-level infrastructure in Kargil (Ladakh) to promote adventure tourism and winter sports.

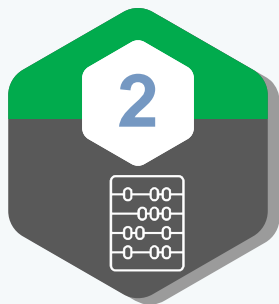
Source: Incredible India, Economic Times, News sources

Strategies adopted...(1/3)



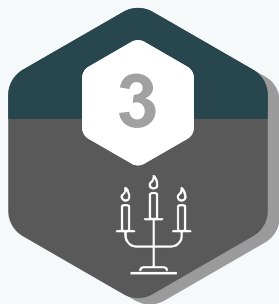
PROMOTION OF DOMESTIC TOURISM

- 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.

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 January 23, 2020, 73 webinars have been conducted under the series.

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.



M-VISA

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



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.
- Domestic tourist destinations including hills, forests and religious pilgrimage will benefit from upcoming projects such as Char Dham Road, New Delhi-Dehradun Expressway, 22 Green Express Highways and others. There is tremendous potential for small hotel partners and agents to take advantage of this and consider expanding their offerings to meet the needs of tourists.
- 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

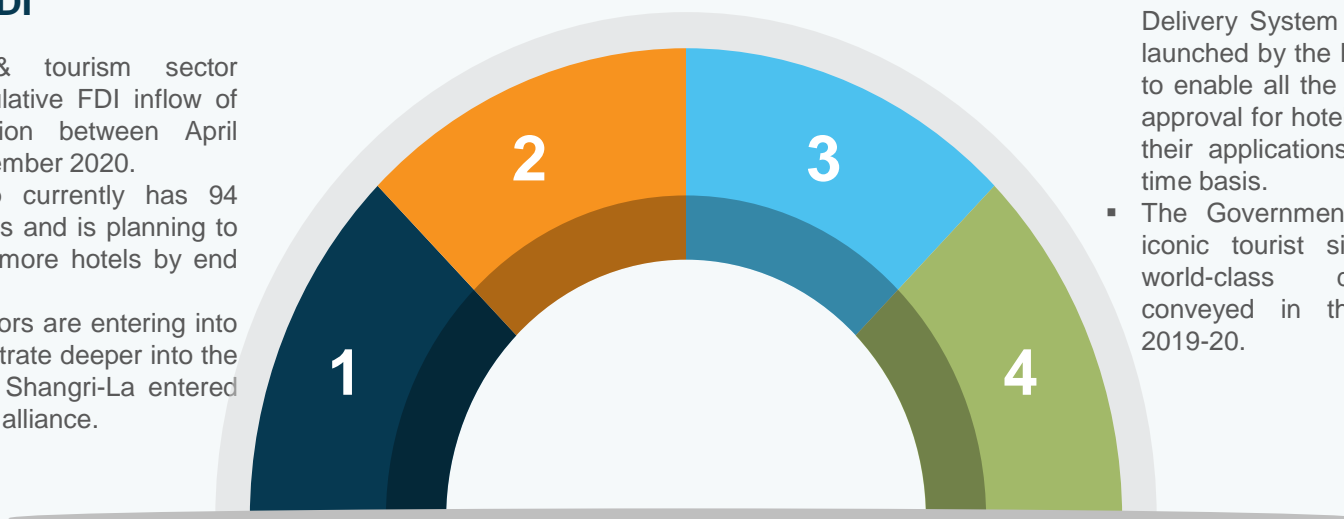
- Domestic expenditure on tourism is expected to rise due to the growing income of households.
- Several niche offerings such as medical tourism & eco tourism are expected to create more demand.
- By 2029, India's tourism sector is expected to reach Rs. 35 trillion (US\$ 488 billion) with a growth of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

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.

1. RISING FDI

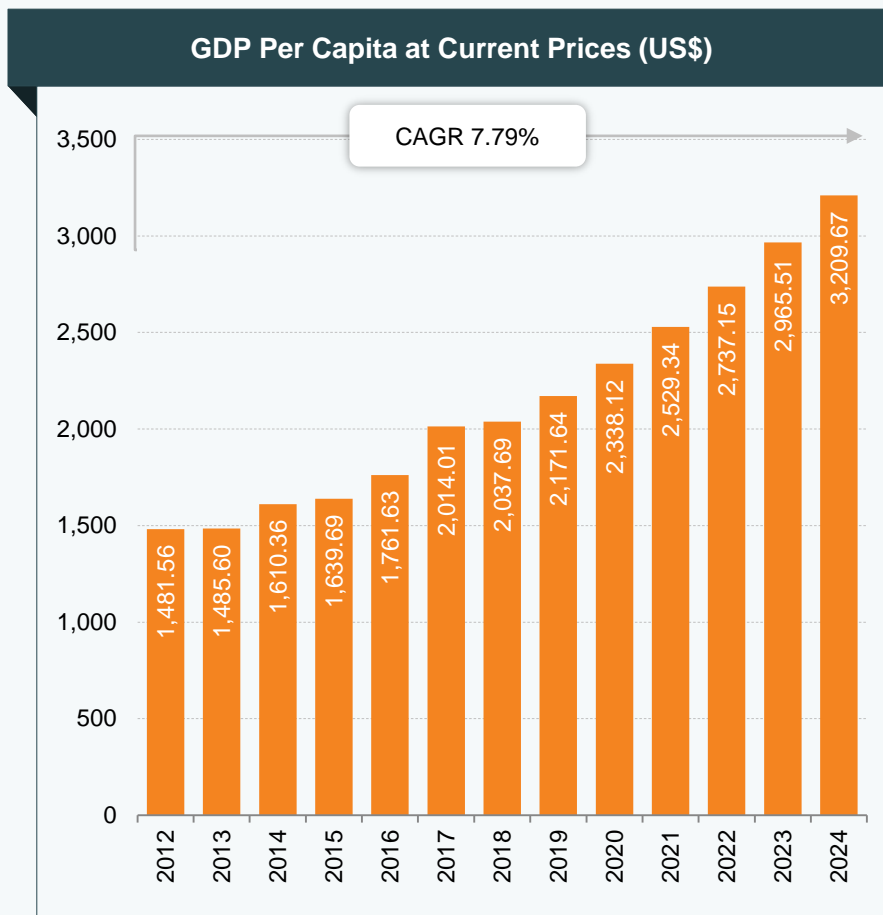
- The hotel & tourism sector received cumulative FDI inflow of US\$15.61 billion between April 2000 and December 2020.
- Carlson group currently has 94 operating hotels and is planning to add about 30 more hotels by end of 2023.
- Hospitality majors are entering into tie-ups to penetrate deeper into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



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.



Source: International Monetary Fund, World Economic Outlook Database, April 2019

Increasing spending on tourism

- 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 where 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.

Domestic Expenditure on Tourism* (US\$ billion)



*Note: F - Forecast, *at real 2017 prices converted at USD = Rs. 65.12*

Source: WTTC - Travel & Tourism Economic Impact 2019

Tourism policy and initiatives give a boost to the industry... (1/4)

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 Mr. 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

Tourism policy and initiatives give a boost to the industry... (2/4)

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

Tourism policy and initiatives give a boost to the industry... (3/4)

Incentives from Ministry of Tourism

- Assistance in large revenue-generating projects.
- Support to public private partnerships (PPP) in infrastructure development such as viability gap funding.
- Under budget 2019-20, Government introduced a Tax Refund for Tourists (TRT) scheme similar to countries like Singapore to encourage tourists to spend more in India and boost tourism.

Special Boards

- The Ministry has set up Hospitality Development & Promotion Board to monitor and facilitate hotel project clearances/approvals.

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% y-o-y 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. Several tourism boards in states such as Punjab, Maharashtra, Kerala, Leh & Ladakh and Uttarakhand are leaving no stone unturned to attract travellers and revive the tourism economy. Key recent developments by state tourism departments are as follows:

Jammu & Kashmir:

- In March 2021, the Jammu & Kashmir (J&K) Tourism Department will organise road shows in Bhubaneswar, Bhopal, Bangalore, Indore, Chennai, Raipur, Varanasi, Lucknow, Nagpur, Mumbai, Hyderabad, Delhi, Cochin and Mysore to tap in the huge domestic tourism market. It has organised several shows in other major cities including Kolkata, Pune, Puri, Jaipur and Amritsar.

Uttarakhand:

- In March 2021, the PHD Chamber of Commerce and Industry (CCI) and Travel XP announced a film series based on the theme of 'Uttarakhand Travel Diary', covering the beautiful and unseen places of Uttarakhand to promote tourism.

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. Niranjan 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.

Madhya Pradesh:

- In January 2021, the Madhya Pradesh government launched an 'Aas Paas' tourism campaign to advertise its 11 national parks and 24 wildlife sanctuaries as well as new homestay, village stay and farm stay options.
- In March 2021, Maharaja Chhatrasal Convention Centre was established in Khajuraho, Madhya Pradesh, under the Swadesh Darshan Scheme of the Ministry of Tourism.

Maharashtra:

- In January 2021, the Ministry of Tourism Maharashtra signed MoUs with various hospitality firms worth Rs. 2,905 crore (397.70 million) to develop tourism in the state and create 6,754 jobs in the next five years.

All India Tourist Vehicles Authorisation and Permit Rules, 2021

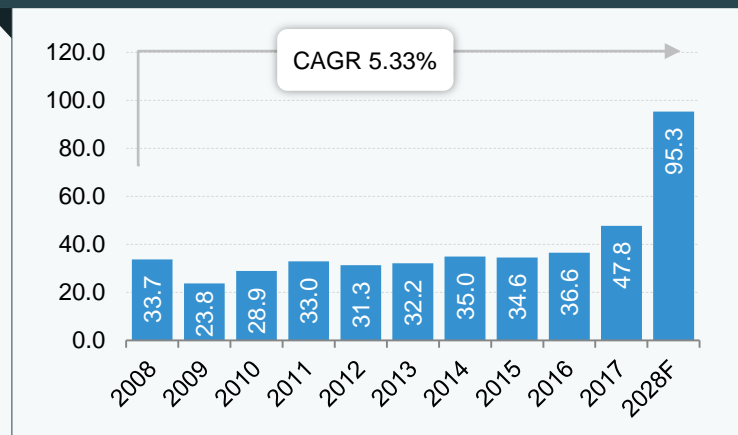
- The Ministry of Road Transport and Highways has introduced a new scheme called 'All India Tourist Vehicles Authorisation and Permit Rules, 2021', in which a tourist vehicle operator can register online for All India Tourist Authorisation/Permit.
- This permit will be issued within 30 days of submitting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

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

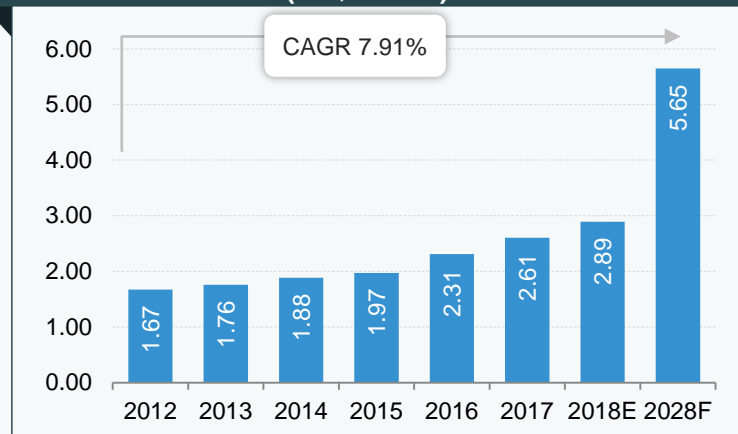
Continued growth in investments in the tourism sector

- 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.
- As of April 2019, Radisson Hotel Group, a global hospitality firm, had plans to double its portfolio of hotel in India to 200 by 2022.
- 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 October 2020, hospitality firm Sarovar Hotels and Resorts announced its plans to add over 15 properties, mainly in Tier-II and III cities in India, by end-2021, as part of its expansion plans.
- 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).

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



Collective Government spending on tourism (US\$ billion)

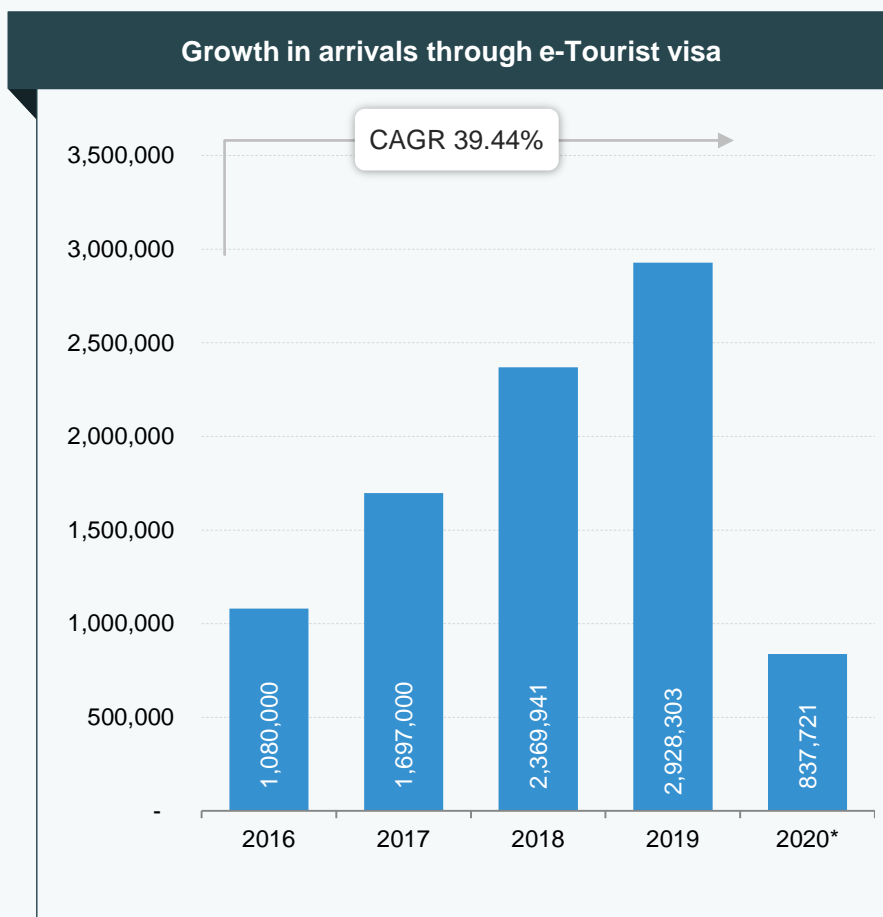


Note: E - Estimated, F- Forecast

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.
- Tourist arrivals through e-Visa stood at 0.83 million in 2020*.



Note: P- Provisional, *-Until March 2020

Source: Ministry of Tourism

Opportunities



OPPORTUNITIES

Medical tourism

- The presence of world-class hospitals & skilled medical professionals makes India a preferred destination for medical tourism.
- India's earning from medical tourism could exceed US\$ 9 billion by 2020.
- Tour operators are teaming up with hospitals to tap this market.
- Medical tourism to benefit a lot post COVID-19 pandemic owing to rising recognition of the country for being safe and for dealing with post Corona impacts

Cruise tourism

- Cruise is one of the most dynamic & fastest-growing segments in 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 7,500 km coastline to tap growth potential of the cruise tourism segment.
- The cruise terminal in Mumbai has been allocated Rs. 1,000 crore (US\$ 155.55 million).
- 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

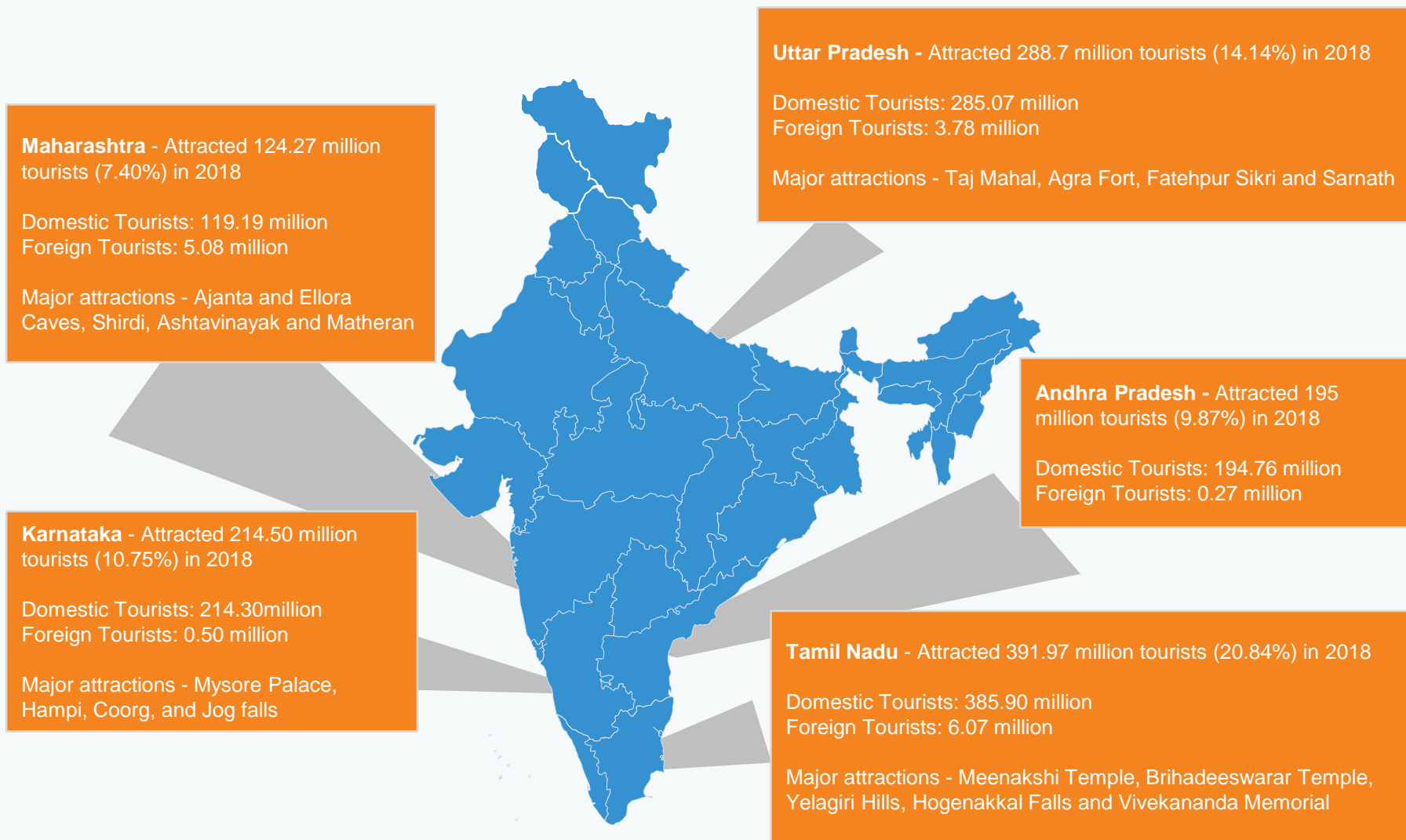
- The potential for development of rural tourism in India is high as most of its population reside in rural areas.
- This can benefit the local community economically and socially and facilitate interaction between tourists and locals for a mutually enriching experience.

Eco tourism

- India is often termed as the hotspot for bio-diversity and its rich natural heritage is unparalleled in many ways.
- Such valuable resource base gives impetus for the practice of variety of alternate tourism forms & many of which are already in existence.
- For example: National parks, wildlife sanctuaries and biosphere reserves.
- 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% y-o-y, respectively. By 2020-21, passenger traffic at Indian airports is expected to increase to 450 million people.

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 | 72.59 |

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* | 73.69 |

Note: As of February 2021

Source: Reserve Bank of India, Average for the year

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