

**Issues and concerns to be addressed by
Ministry of Shipping
For enhancement of the National Tourism Economy**



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**Green Revolution
White Revolution..
IT Revolution..**

now it is time for a

Tourism Revolution

Current Status

- **Employment Created – 50 Million jobs**
 - **GDP Contribution – 6%**
- **Foreign exchange earnings 12 billion USD**

2015 Potential

- **Employment created 75 million**
 - **GDP Contribution 8%**
- **Foreign exchange earnings 25 billion USD**

Ownership of the 2015 potential rests with the Ministry of Shipping whose partnership with the Tourism industry is sincerely requested to realize this potential, which is of national importance and contributes significantly to inclusive growth

Shipping and Tourism:

The cruise tourism industry a nascent industry in India is set to witness an over three-fold rise by 2010 as number of domestic and international passengers at Indian ports is expected to increase to 600,000 a year by 2010 from the current 180,000. Besides, number of domestic and international cruise liners entering Indian ports is also growing as the country is emerging as a major destination for cruise tourism.

In 2007-2008, about 54 cruise ships have visited Indian ports. The allied infrastructure, such as ensuring good connectivity of the port, availability of basic amenities is essential. Moreover, the consumer trend shows that the number of Indians opting for international cruises is increasing. The number of outbound travelers, who are visiting South-East Asia and the Far-East, is also rising. It is estimated that annually 80,000 Indians take a cruise on international cruise ships

Ministry of Shipping has a big role to play to enhance cruise tourism in the country Requirements of foreign tourists and domestic population have to be combined, Infrastructure to promote high-end tourism and middle level cruise opportunities. Therefore development of cruise tourism hubs is of utmost importance. India has many destinations, which are connected by beautiful rivers and outlined by the Bay of Bengal, Arabian Sea and Indian Ocean. Developing river cruises that connect these destinations would not only create the access for cruise tourism, but would also enable India to strongly position its tourism destinations.

Macro Issues:

- The Government must focus on Policy development, developing physical infrastructure, streamlining immigration and custom checks processes and takes recourse to viability gap funding in building infrastructure, the country's tourism industry could see a three-fold increase in the domestic and international cruise passengers.
- If cruise tourism has to be promoted to large scale what is critical is favorable operating environment – **the port charges in India for cruise ships are almost 10 times of what ships pay ports in Europe or the US.** This goes against the 'value for money' proposition of the cruise industry, as eventually this has to be passed to the end consumer.
- At exotic tourist locales, strong port connectivity, government support is the key growth drivers that are likely to promote the country as an attractive cruise destination.
- Foreign investors & Private developers should be encouraged and supported by the government.
- In future the government should encourage Indian shipbuilding of cruise vessels – opportunity for growth.
- Cruise operations benefits a range of tourism related segments – airlines, hotels, tour operators, and transporters – drive growth.
- High paying ship based jobs for Indians, shore based jobs for office network plus additional people hired by major tour operators to handle our business- create jobs.

Micro Issues:

- **There is a cruise policy approved by the Cabinet Committee on Economic Affairs but this has not been implemented. This policy addresses the issues of taxation - need a quick implementation of this Policy.**
- Taxation – 32% duty on bunkers, 10% Service Tax etc. again increases the cost significantly. Different kind of taxes like excise etc. needs to be waived off.
- **A bizarre 200 nautical mile rule implemented which does not exist anywhere in the world.**

- Subsidy should be provided for going to regions like Lakshadweep so that they are opened for business. Compare Maldives to Lakshadweep who belong to the same island chain, it becomes clear that we are lagging.
- Indian Ocean cruises could be an effective solution for winter deployment of ships operating in Northern Europe – facilitate smooth operational platforms to ensure growth on the Indian Side.
- Poor infrastructure of the ports, low returns on investment from the cruise business and lack of intensive promotional activities are the major growth inhibitors for the Indian cruise tourism sector.
- The development of cruise terminals at five ports on the west and east coasts of India, cruise tourism could be a major opportunity for the country.
- Prime area of focus in future should be on developing the necessary infrastructure at the Indian ports.
- Relaxation of immigration rules/transit policies, more facilitation counters at the port of call for foreign tourists
- The tax structure should be also revised. It would help the business if there were tax exemptions on fuel, custom duty on liquor and so on. The exemptions should exist at least for the first five years of operation.

Quick Wins:

- There is no specific need at present to build a cruise terminal as this involves large investments. **A clean berth and a makeshift terminal are more than adequate.**
- Open up avenues for Indian industry to provide marine and hospitality services, port excursions and the like to these cruises.
- Immense opportunities in River Cruise Tourism – e.g. Brahmaputra – facilitate development.
- There are the directions to set up cruise terminals by the respective port trusts but the whole project is delayed – Monitor and timeline projects.
- The cruiser operators should be also offered tax exemptions to acquire cruise vessels from abroad.
- It is also important to make the cruise tourism accessible to the people in the land-locked states of UP, Punjab, Rajasthan, and Madhya Pradesh.

Conclusion:

As per the UN World Tourism Organization Report on world wide 'cruise shipping activities', in the year 2000 cruise demand reached almost 10 million trips with North America accounting for almost two-third of world's demand. This gives an indication of the enormous potential for growth and expansion ensuring promising future for cruises. The need of the hour is to improve tourism infrastructure. The Ministry of Shipping through its various policies and initiatives must closely work with the Ministry of Tourism and lend support to the segment, so that this sector can achieve its true potential.

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