

DELHI CONFERENCE 2009

**WORLD
TRAVEL &
TOURISM
COUNCIL
INDIA INITIATIVE**



WTTC, India Initiative (WTTCII) is an organization committed to making Travel and Tourism work for the benefit of the country and society. Our task would not be possible without the backing and support of our Members all of whom have made a commitment to work together to overcome the barriers to the growth of the sector. Leading Travel and Tourism companies of international acclaim have pledged solidarity to our initiatives.

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The Oberoi Group

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Rathi Vinay Jha
Secretary General

Arjun Sharma
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Manager Communications

The **WTTC, India Initiative (WTTICII)** was launched in February 2000 to raise awareness on the crucial role of Travel and Tourism in the development and growth of the economy of India.

The India Initiative invites key players of the industry to come together with a shared vision on ways to promote the sector. Under the patronage of Mr. P.R.S. Oberoi, Mr. Krishna Kumar, Mr. Lalit Suri and with the active support of industry leaders, the India Initiative identified priorities in a Manifesto – The Tourism Imperative and India: Impact of Travel and Tourism on Jobs and the Economy.

Across the years the Council has successfully organized Retreats and Conferences to bring together all stakeholders to deliberate on issues of concern for the development of tourism in India. The Council is also engaged in an ongoing dialogue with the Government of India to outline strategies that need to be employed to leverage the real potential of the Travel and Tourism sector.

Mission

The potential of the Travel and Tourism sector can be fully realized only if a supportive regulatory framework is in place. No single aspect of travel and tourism can succeed without increasing co-operation between the Government and the private sector.

Such co-operative endeavors, within a supportive regulatory framework, are vital to the development of a sustainable Travel and Tourism industry. WTTICII aims to advance this endeavor and to work together with private and public organizations to achieve these objectives.

The Vision

Our vision of the Travel and Tourism sector is one of partnership between all stakeholders delivering consistent results that match the needs of our economy, our Governments, both state and central, and local communities with the need of business based on:

- The recognition of Travel and Tourism as a top priority;
- Balancing economic goals with the people, the culture and the environment; and
- A shared pursuit of long-term growth and prosperity.

Energizing the Future

Wednesday, October 28, 2009

Longchamp, The Taj Mahal Hotel, Number One Mansingh Road, New Delhi

The Programme

Presentation on Travel & Tourism in India, *Raymond N. Bickson*, Chairperson, WTTCII

Panel Session on Travel & Tourism

Panelists:

Kamal Nath, Union Minister of Road Transport and Highways

Jyotiraditya M.Scindia, Union Minister of State for Commerce and Industry

Sujit Banerjee, Secretary, Ministry of Tourism, Government of India

Suhel Seth, Managing Partner, Counselage India

Moderator - *T.N. Ninan*, Chairman & Managing Director, Business Standard

Delhi Conference 2009

The World Travel & Tourism Council, India Initiative (WTTTCII) was launched nine years ago to unite key partners in the industry to work closely with the Government and other stakeholders, to address issues of concern and advocate policy initiatives to support the development of the Travel and Tourism sector. Worldwide the impact of tourism has been measured in terms of its contribution to GDP and employment created. The impact of tourism expenditure on the economy through direct, indirect and induced spending using a multiplier effect approach is noteworthy. In a country like India tourism can contribute to development, employment and poverty reduction in a number of ways along with significant social, environmental and cultural benefits. These effects extend beyond businesses directly associated with tourism – airlines, hospitality, and travel services - to all sectors of the economy, which are affected to a greater or lesser extent. The importance of this sector needs to be realized.

In the changing environment today, concerns about security, global conflicts, health, travel restrictions and even shifting weather patterns, has altered the way people plan business and vacation travel. In the global context, India has also changed - from its traditional position as a leisure and vacation destination, to becoming one of the economic engines of the future, driving business travel. Today, India is witnessing a generational shift never seen before. It is also attracting attention from the global majors, all of whom are now present in the country, anticipating the changes wrought by increased capacities and supply in airports, airlines, hotels, services, and all related areas. Tourism in India is being utilized as a powerful tool to facilitate an international understanding and enable the building of broader cultural horizons.

Over a 100 delegates attended the Conference “Energizing the Future” organized by WTTTCII. The interactive format, engaged Government and industry leaders in an open exchange of ideas, exploring the steps that can be taken to move ahead in the context of the present economic slowdown. A Panel of eminent speakers deliberated on issues pertaining to Tourism, Civil Aviation, Infrastructure, Planning and on the need for convergence among all stakeholders to promote the sector.



Conference Report

India could generate an additional US\$ 30 billion in GDP and 14 million jobs with Government investments of about \$2 billion per annum. If the Travel and Tourism industry in India had been developed to the world average levels, 14 million additional jobs would exist today. Welcoming the panelists, **Raymond N Bickson**, Chairperson, WTTCII, said “Our vision of the Travel and Tourism sector is one of partnerships between all stakeholders delivering consistent results that match the needs of our economy, our Governments, both state and central, and local communities.” The need for a tourist crisis management group, a quick response cell comprising of the private sector and the Government, for natural disasters, acts of terrorism, a Government - Industry forum that can be the basis for Public-Private Partnership (PPP) models, issues of under-utilization of tourism assets, infrastructure status, a national travel mart to bolster the marketing initiative by the Government, the aspect of more initiatives on responsible and inclusive tourism were highlighted in the presentation.

Kamal Nath, Minister for Road Transport and Highways, mooted the idea of a Cabinet Committee on Tourism to overcome issues relating to coordination between various Ministries and Departments to help promote tourism. He stated that such a committee should comprise of representatives from the concerned ministries, like tourism, finance, civil aviation, surface transport and railways. “Coordination is today the biggest problem. They are saying we want such-and-such tax benefit. I do not know if service tax is removed or if another tax is eased, we will have a million more tourists,” Kamal Nath said. “The most important thing in any strategy on tourism is to look at the demographics of countries. The tourism movement is being dictated to some extent by the demographics of countries, and that has to fit in with our own tourism action strategy. But, in tourism, we have to get our act together. It is not just roads; it is also the other infrastructure. And the only way to meet this challenge is to have an acceptable PPP model approved by the Cabinet and the State Governments. That should become the master model for land, for wayside facilities, for anything,”



he added. Referring to the industry's concern on poor road connectivity to places of tourist importance, Kamal Nath said that his Ministry would expedite road connectivity to all destinations suggested by the Tourism Ministry. He said that these could include roads other than the national highways and funds for such development would be made available through the Central Road Fund. "We will give it to any tourist point immediately - Rs 50 crore for every road to any tourist point," he concluded. Kamal Nath advocated that the tourism strategy should fit in with the country's young demographic profile, keeping in mind its potential to generate employment.

Jyotiraditya Scindia, Minister of State for Commerce and Industry said, "Tourism probably has the highest ratio of employability and opportunities of employment (the ratio between direct and indirect employment is close to 1: 8). For every direct job you create in tourism it creates 8 indirect jobs. That being said, I think, we have come a long way and have generated close to about 30 million jobs in this fiscal year, intending to go up to 40 million in the next decade. Those are ambitious targets but are also realistic." He added, "We need to put that together in a competitive landscape. To me, the biggest issue today from India's standpoint, if you look at it from a corporate strategy point of view, is actually customer acquisition. The key issue is actually customer acquisition and for that the biggest step we need to take forward in addition to all the issues that you might want from Government is actually marketing. Marketing is the name of the game today and I think we need to market India much more aggressively. Incredible India has been a tremendous campaign but I think, more needs to be done. We need to sit together and carve out that strategy blueprint in terms of how we want the sector to move ahead along with the private sector."

Rathi Vinay Jha, Secretary General, WTTCII, said that the Tourism Ministry could consider taking up improving the facilities at the World Heritage Sites as the first step. According to her, the Tourism sector can only grow if Governments realize its real economic and social value, and create the necessary infrastructure to accommodate this development.



Arjun Sharma, Vice Chairperson, WTTCCII, said that many issues were beyond the domain of the Ministry of Tourism, and reiterated the need for a nodal body that can actually draw all Ministries together and look at tourism in a holistic manner. He stressed the need for a National Tourism Board, where the private sector should be invited to join hands and work together with the Government. **Priya Paul**, Chairperson, Apeejay Surrendra Park Hotels, highlighted the problems faced in the development of the destination. She cited Vizag, which was projected as a fast growing city but it never happened. Once the airline connectivity was developed, a tourism package and a product was then marketed to middle class travelers. She reiterated the need for well thought out plans for destination development.

Sujit Banerjee, Secretary, Ministry of Tourism, mentioned that the Ministry of Finance vide a notification in September 2009 had allowed Infrastructure status at par with the status given to the Hospital and Healthcare sector in November 2007. He also mentioned that the Rural Tourism projects started with an UNDP initiative seven years ago has now gone up from 36 to 159. These projects have increased livelihoods, women's empowerment and is a major step in responsible and inclusive tourism which is unmatched in the world. He also said that the Planning Commission of India should include the Tourism sector in its list of infrastructure sectors. Agreeing with the need for greater coordination between different arms of the Government, he pointed out the difficulties in acquisition of land for tourism projects in this regard.

U.K. Singh, Secretary, Tourism, Uttarakhand, pointed out that Uttarakhand was proactively looking at PPP models. He also outlined the difficulty faced by a State like Uttarakhand, where 70 % of the land is designated as forest land, which adds to the problem of acquiring land like everywhere in India. Special permissions are required in case of National Parks or sanctuaries and a wait for Supreme Court directives increases the gestation period of such projects to 2 to 3 years. **Dr M. Modassir**, Secretary Tourism, Goa, said, "We have been talking about PPP for about 4 years. But the changes in the PPP are coming in so slowly and the response time between the States and Centre is so slow that the PPP is in a mess in most of the States. The same thing is happening to the Land Acquisition Act. We are talking of changes in the Land

Acquisition Act. But unless we quickly and properly change the Act, nothing will happen."



Francis Wacziarg, Managing Director, Neemrana Hotels, related his experience in Rajasthan where it took six years and three Governments to get the permission because the Government of Rajasthan advertised and leased the project before they discovered that it was forest land. "So, the PPP has to

be properly spelt out and there has to be some uniformity in all the States. There is a need for centralizing all such information that would help the private industry," he said.

Arun Maira, Member Planning Commission, suggested that a meeting be convened under the aegis of the Planning Commission to identify key issues and problems faced by the industry



and an effective method of cooperation between the private sector and the State Governments be structured. He said, "The incredible part of Incredible India was to look at the diversity of the place. Diversity of India was the common message. But for things to happen, how do we get the State to see that it will have the possibility of income generation for itself?" According to him the State Governments have to understand the idea of tourism's potential and of the economic activity it can generate for them. He also pointed out the opportunity of States attracting people from other States within India. "There are a lot of possibilities if we think innovatively," he concluded.

Commenting on the allocation for tourism **Sudha Pillai**, Secretary Planning Commission, Said, "First of all, a judicious allocation of central funds to Tourism must be done, given its potential and second, a very time bound and clear-cut program for training at different levels to meet the shortage of human resources in the industry." She also emphasized that training must percolate to the different categories of service providers that interact with tourists on a daily basis and they must achieve a standard to provide a good and memorable experience of India to the tourist.

Inder Sharma, Chairman, Select Holiday Resorts Ltd, stressed the need to establish the economic viability of tourism with a tourism satellite accounting system that maps the trickle-down effect and multiplier effect of tourism. He also suggested that the Ministry of Tourism should monitor projects and use the leverage of extending revenue facility to States under project compliance basis. He welcomed the suggestion from Kamal Nath on setting up a Cabinet Committee on Tourism. **Dr Subhas Pani**, Chairman and Managing Director, ITPO, stressed the need for Centre, States and private players to work together. "Let 10 hotels come together and say we will develop the destination. It is then that things will flow," he observed.

Nakul Anand, Divisional Chief Executive, ITC Hotels, urged the Government to create a single coordination body. "That is the key purpose why WTTC was created, and that is my point to the Ministers, Secretaries, the delegates, to tell them we are asking you to create a single body we can coordinate with, like we have created a single body, a single voice, laid out a clear set of agendas, encompassing the broad canvas of every aspect of the Tourism industry," he added.

Suhel Seth, Managing Partner, Counselage India, echoed the sentiment, saying that India needs to go in for destination creation, where PPPs are a must. He advocated more PPP models in Tier II, III and IV cities, saying that what had to be ensured was “access, affordability and availability in such areas”. He said that the private sector “should move from wanting to doing, and from demanding to enabling.” **Shobha De**, Author, emphasized the need to re-position India by making it a safe and clean destination. “What does Brand India stand for? It stood for something. Incredible India was convincing maybe five years ago. Today it is about dirt, disease and danger. The three Ds define India and nobody seems to be addressing that,” she said.

Manav Thadani, Managing Director, HVS, cited the difficulties faced in terms of getting clearance for Hotel projects. “Hotels in Delhi, Gurgaon and Noida charge taxes that are paid on a \$100 rate range from 5% to 21%. What do you tell a foreign tourist coming into India - that India is 28 countries and that is why there are different tax structures? We are one country. These are issues that really need the support of the Central Government to help us work with State Governments,” he added.

T. N. Ninan, Managing Director, Business Standard moderated the session, said that the Tourism sector was an under-emphasized sector and hoped that the setting up of a nodal agency would drive home the point that the Tourism sector is an important driver of the economy.

Indian Travel and Tourism has always been resilient and looked ahead. Travel and Tourism is central to society and is universal in its impact. Jobs, livelihood and social development are benefits of tourism. Tourism also survives on the thin lines of demand and supply. The Conference deliberations saw positive participation and exchange of ideas among all stakeholders for energizing the future of the sector in India. These key priorities need to be addressed and translated into growth drivers supporting the industry through better coordination and convergence among all stakeholders. The

Government both at the Center and the States should facilitate holistic approach to make Travel and Tourism a crucial contributor to the economy of India.

Today, while the country understandably has a number of competing demands, Travel and Tourism must be included as a core sector in policy decisions by Government for the sustainable development of such areas as employment, income and quality of life of the people of India.



We thank our sponsors:





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