

ECONOMIC IMPERATIVE OF TOURISM



Vivek Nair
Chairman
WTTC, India Initiative
11 December 2010

ECONOMIC IMPERATIVE OF TOURISM

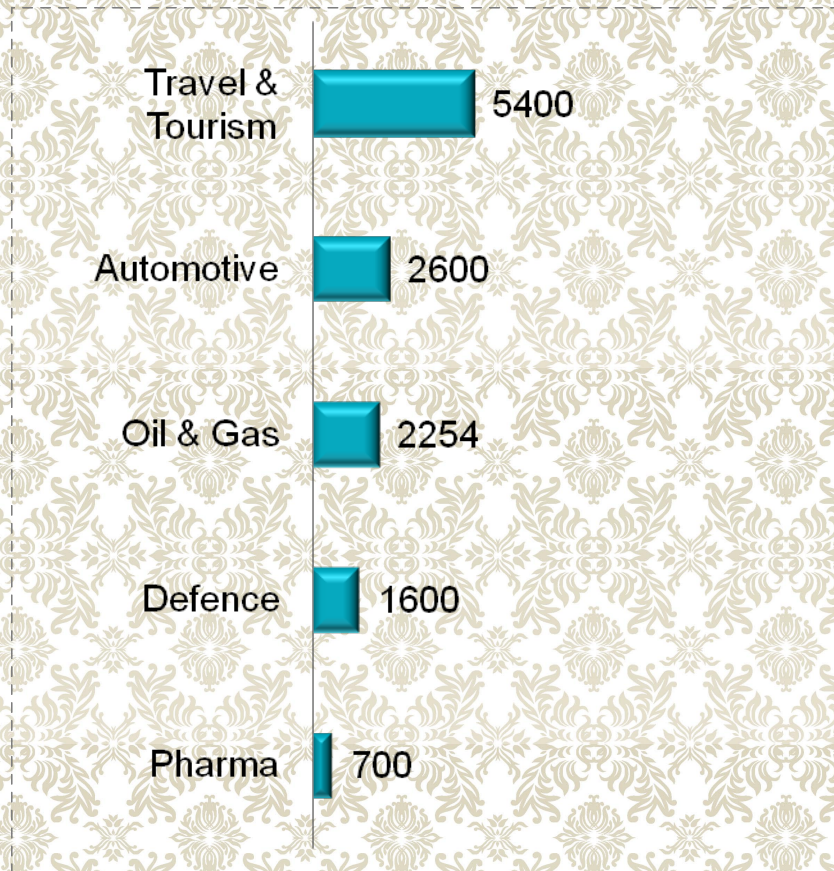
“Developing tourism amid the global downturn would do much to boost economic growth and employment and expand domestic consumption.”

**Wen Jiabao,
Chinese Premier**

(Peoples Daily, April 21, 2009)

Travel and Tourism is one of the largest industries globally in terms of Size and Employment

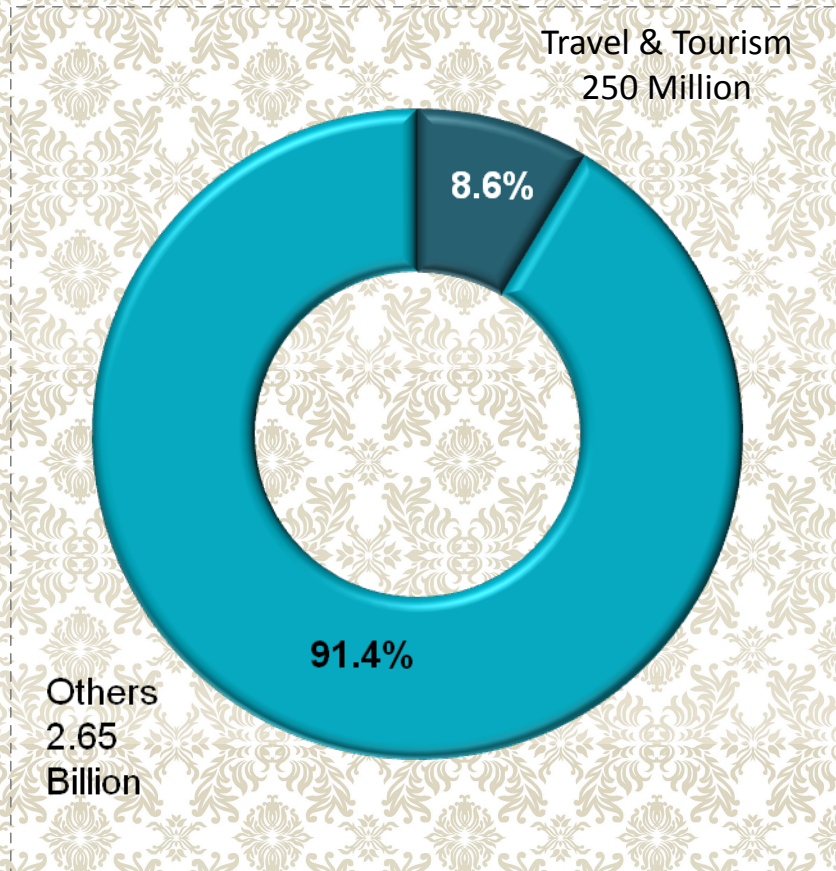
Key Global Industry Sizes- in Bn USD, 2009



*GDP at current prices

Source: WTTC

Global Employment in Travel & Tourism**, 2009

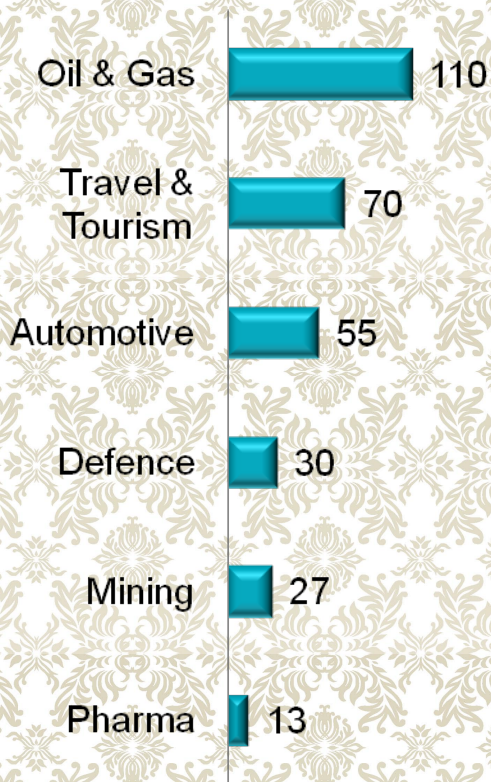


**Includes indirect employment

In India Travel & Tourism accounts for around 5.9% of the GDP and 9.2% of employment - one of the largest employers

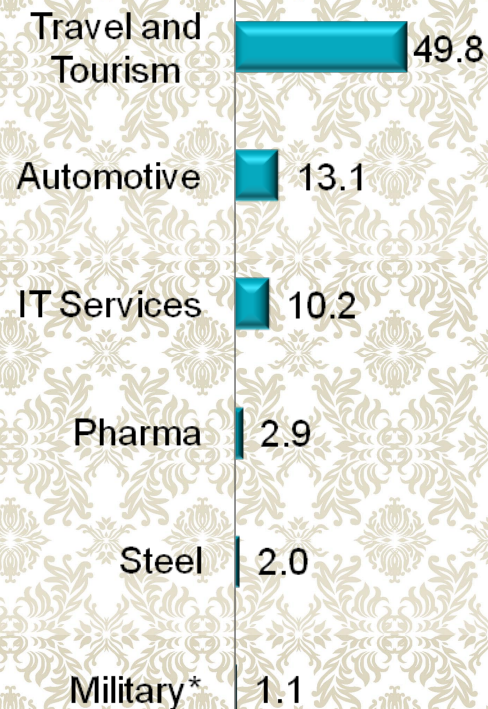
Key Industry Sizes in India (2009) -
in Bn USD

**GDP at 2009 prices*



Employment* in Key Industries in India
(2009) in Mn

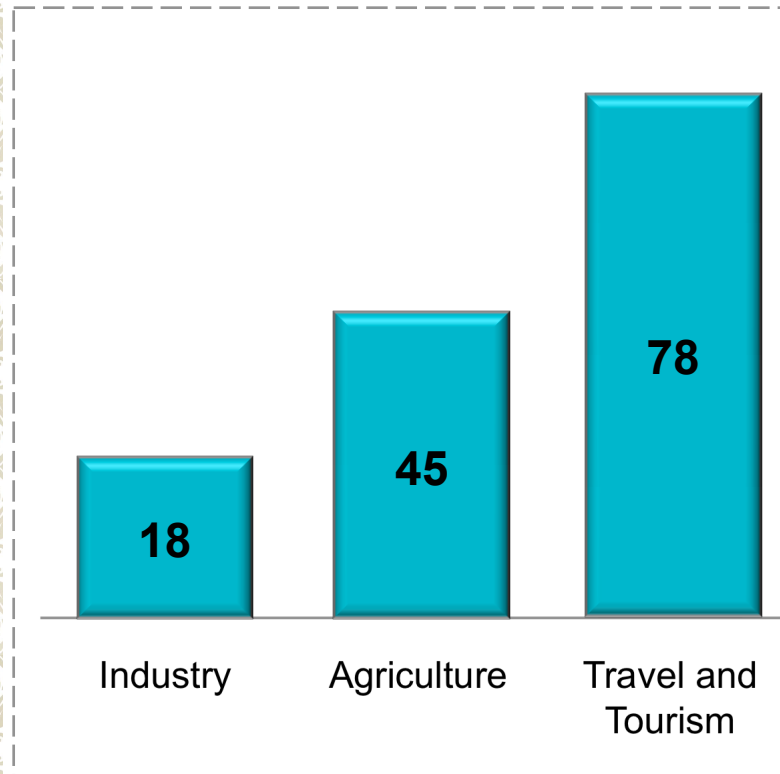
**Military includes only direct employment*



** Source: Ministry of Tourism*

Travel and Tourism industry creates more jobs per capita investment

No. of jobs created for every Rs. 1 Million of Investment

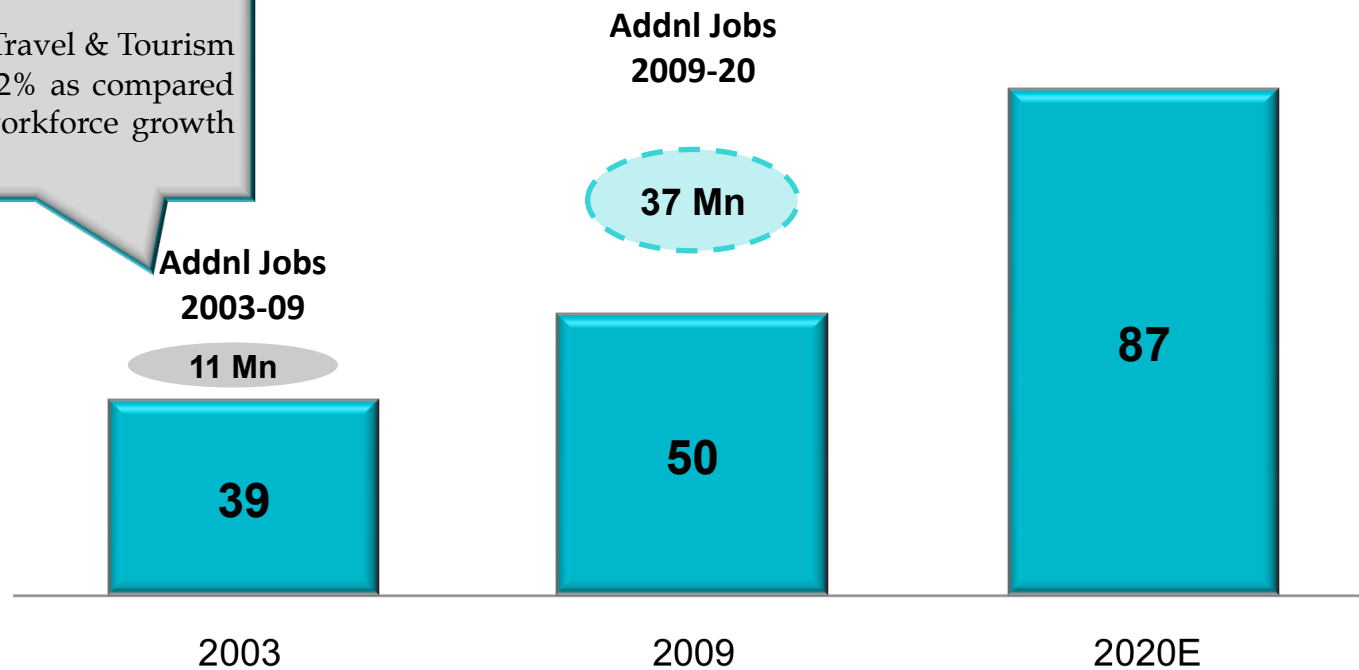


Source: Planning Commission Report

Travel & Tourism can create additional 37 Mn jobs out of the 120 Mn jobs* needed in the next ten years

Travel & Tourism Industry Employment Projections*, Mn

- Travel and Tourism has created ~11 Mn jobs in the last 6 years
- Employment in Travel & Tourism has grown at ~5.2% as compared to India's total workforce growth of 2.9%

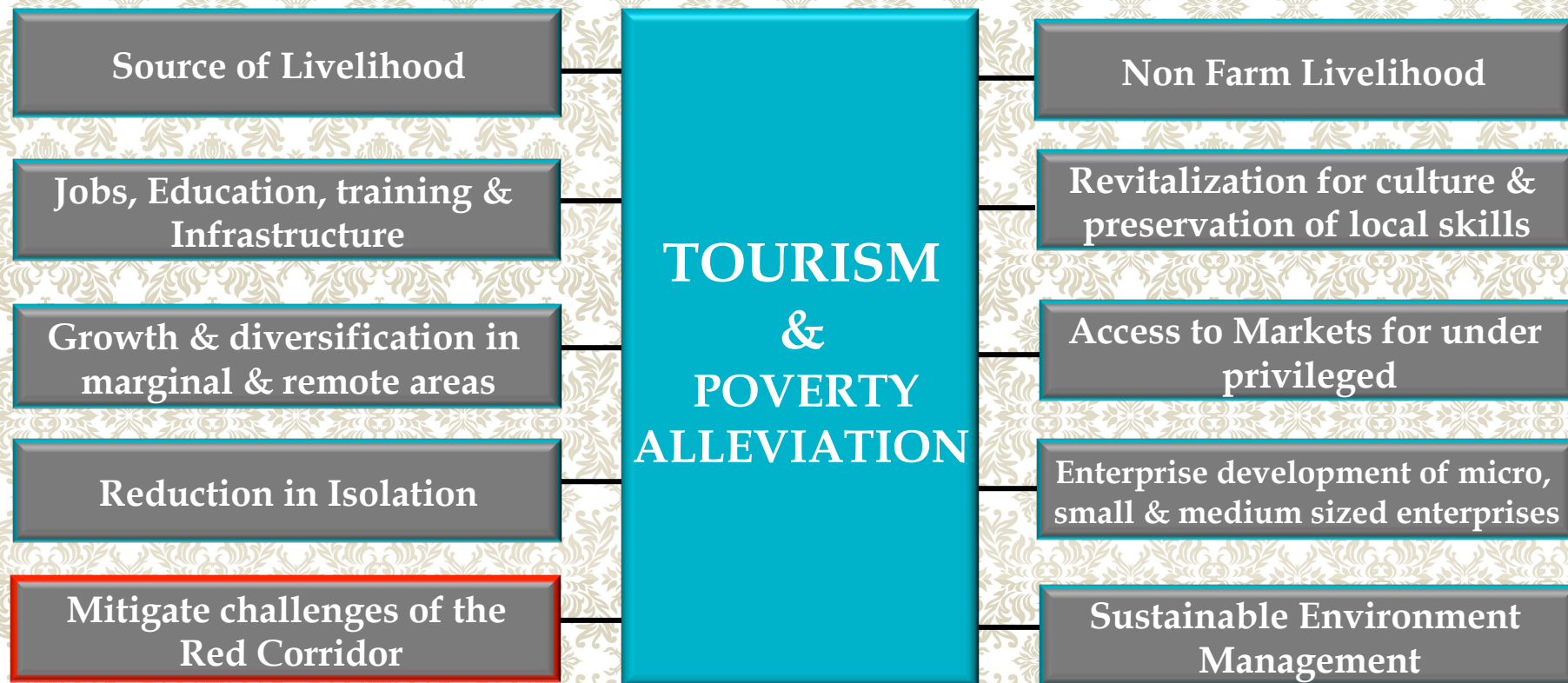


According to RBI, India will add ~120 Mn to its working population by 2020 which will make India's working population 28 percent of the global force

* Future growth assumed to be 5.2% i.e. same as past

Source: NSSO, Ministry of Tourism Data

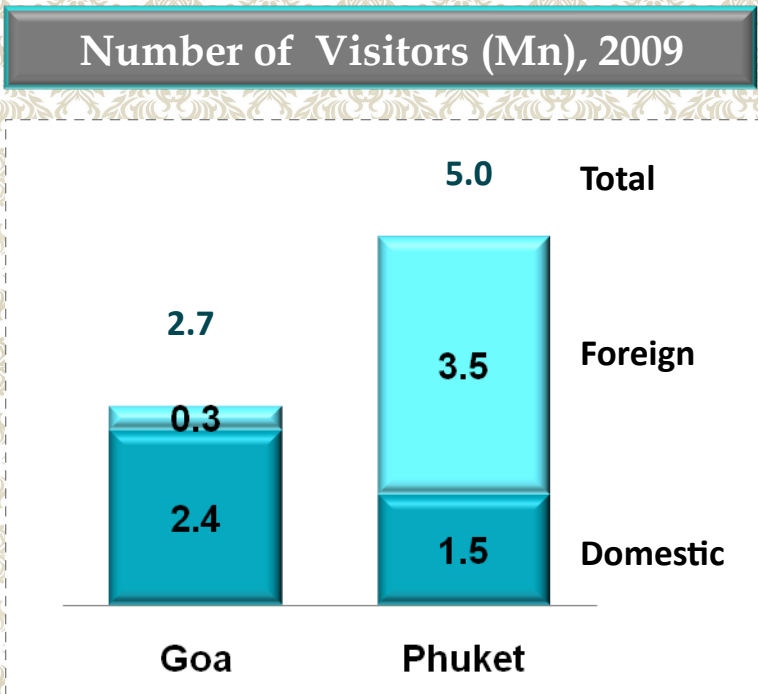
ECONOMIC & SOCIAL IMPERATIVE OF TOURISM



Global Comparisons - I

Beach Tourism- Goa vs. Phuket

	Goa	Phuket
Area (Sq Km)	3702	570
Population (Mn)	1.35	0.05
Coastline (km)	125	125
No. of Beaches	40	17

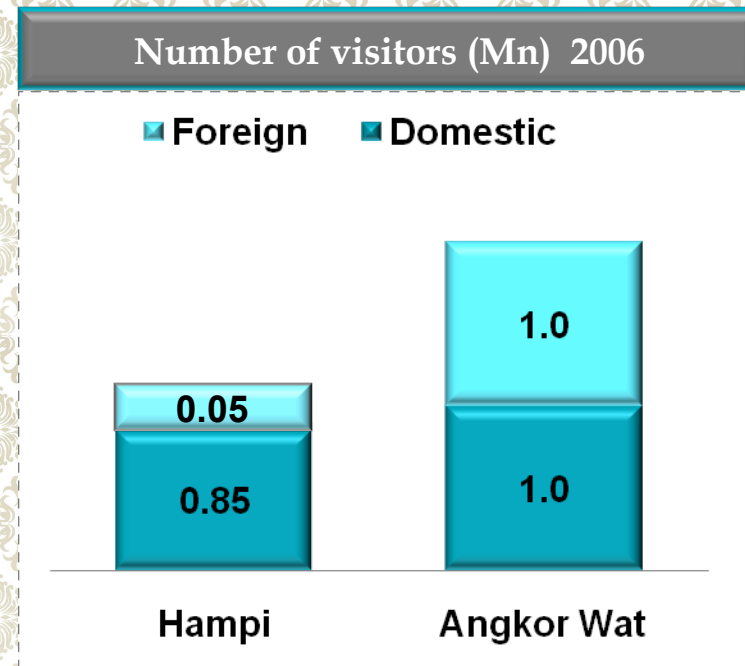


Source: Goa Government, Tourism Authority of Thailand

Global Comparisons - II

Heritage Tourism- Angkor Wat vs. Hampi

	Hampi, India	Angkor Wat, Cambodia
Description	Temple complex in South India	Temple complex in Cambodia
Built in	15 th Century	12 th Century
UNESCO World Heritage Site	Yes	Yes

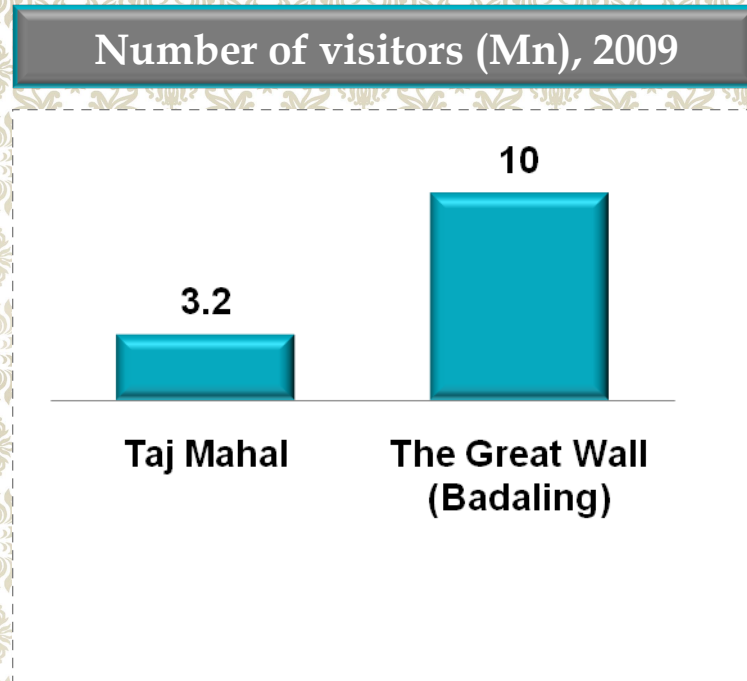


Foreign visitors to Hampi are more of backpackers with low spending power as compared to Angkor Wat which attracts tourists with high spending power

Global Comparisons - III

Historical Monuments- Great Wall of China vs. Taj Mahal

	Taj Mahal	Great Wall of China (Badaling)
Completed in	17 th Century	17 th Century
Seven Wonders of the World	Yes	Yes
UNESCO World Heritage Site	Yes	Yes

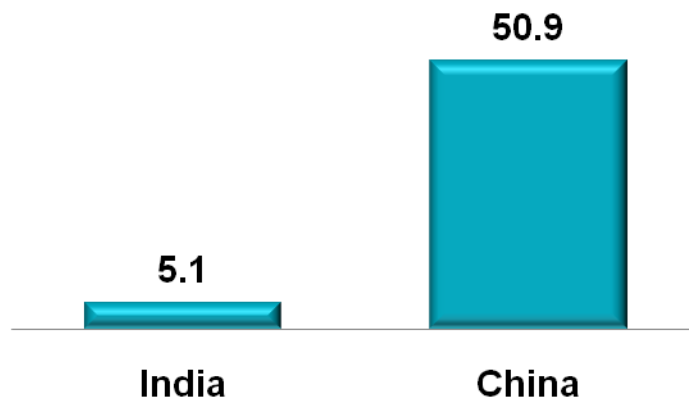


Badaling is just one section of the great wall (the most visited section). Number of visitors to the entire wall is much higher

Global Comparisons - IV

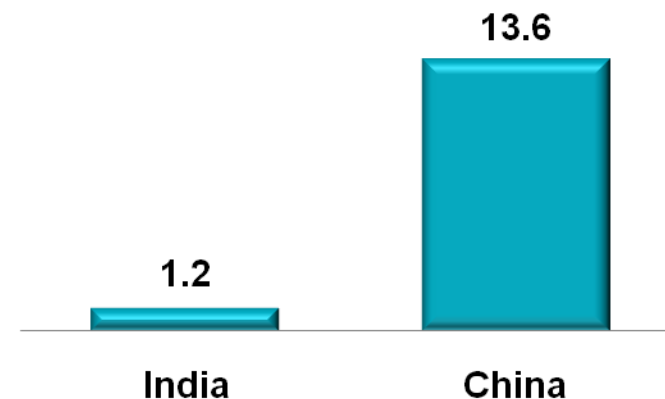
Foreign Tourist Arrivals and FDI

Foreign Tourist Arrivals (Mn), 2009



Source: Ministry of Tourism, UNWTO

Cumulative FDI in Tourism, USD Bn*



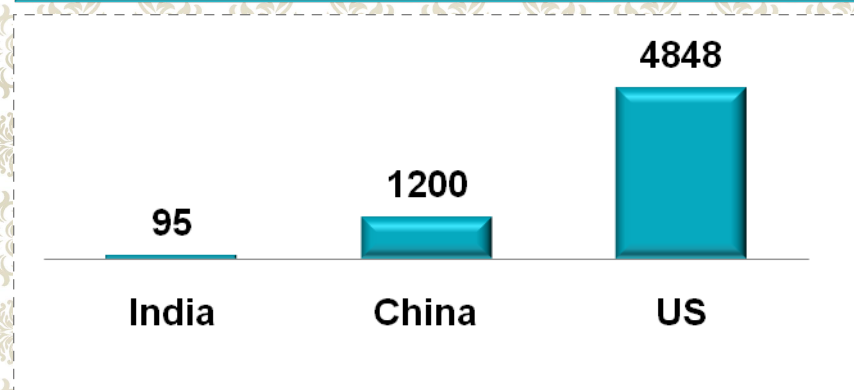
Source: DIPP India, China Official Data

* Upto Dec 2008

Even though 100% FDI is allowed in tourism industry in India, investors find the processes to be tedious and complicated and non-remunerative enough, which has resulted in miniscule FDI in the sector

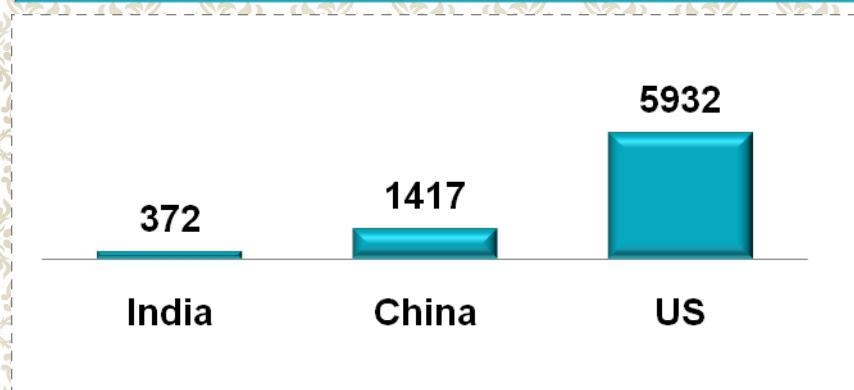
Some Gaps

Hotel Capacity, 2009, '000 Rooms



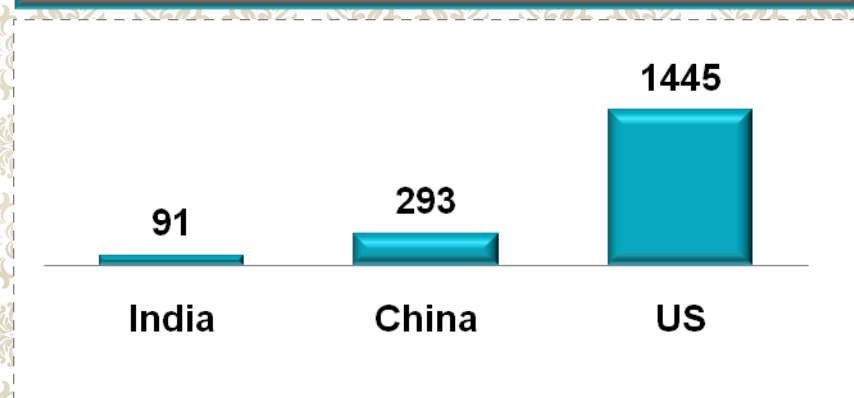
Source: Ministry of Tourism Data

Number of Commercial Aircrafts, 2009



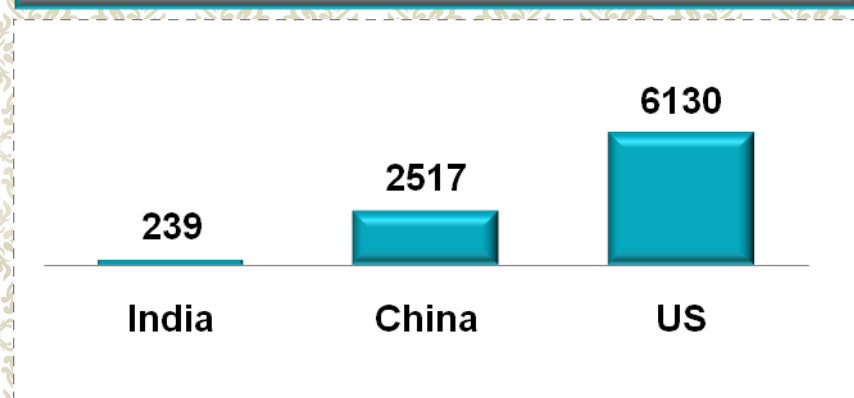
Source: CAPA Data

Number of Airport Pax (Mn), 2007



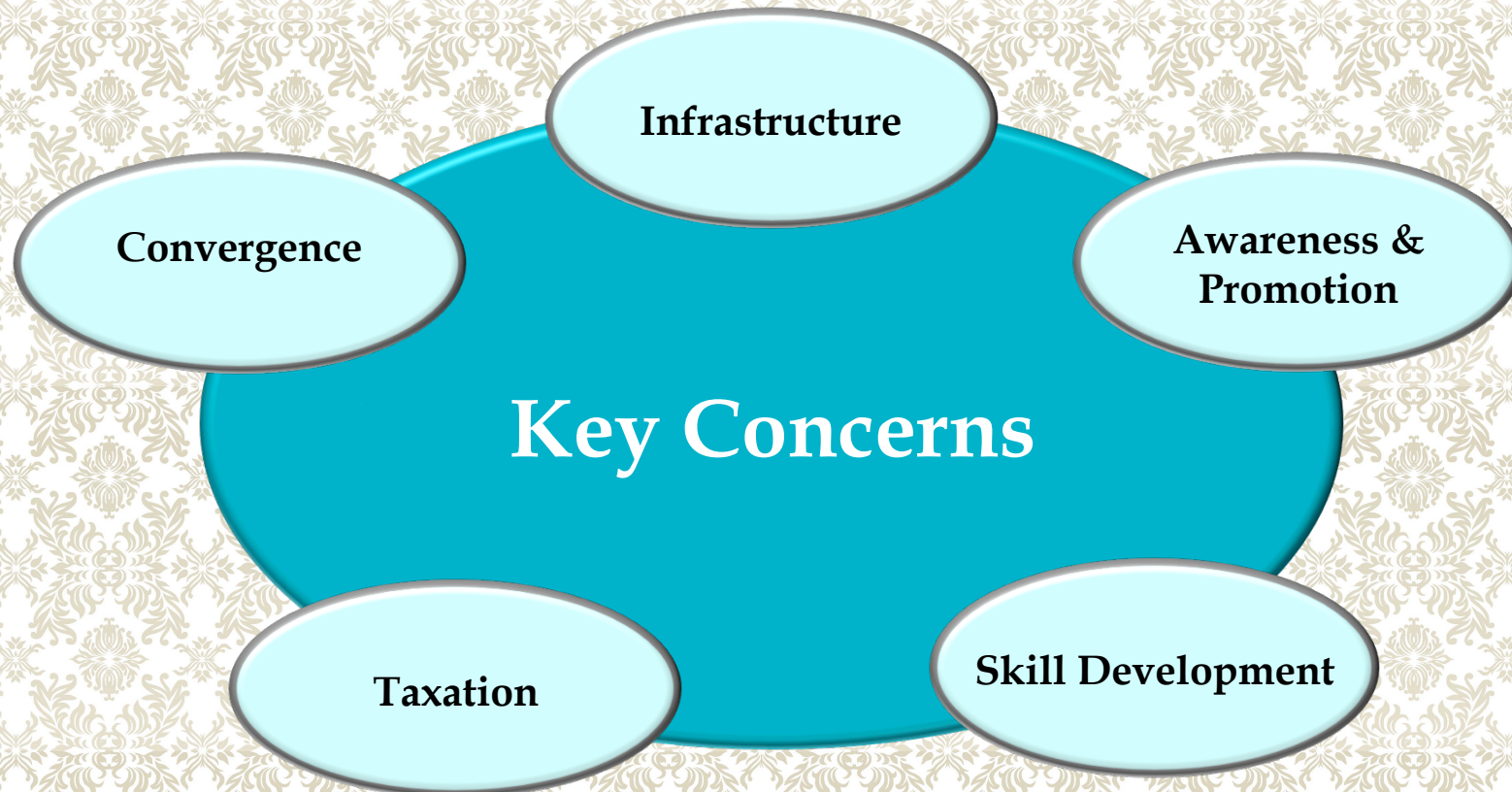
Source: CAPA Data

Indoor Exhibition Space, 2006, '000 Sq M



Source: Global Association of the Exhibition Industry

Key Areas Of Concern



Convergence at Centre

Current State of Coordination

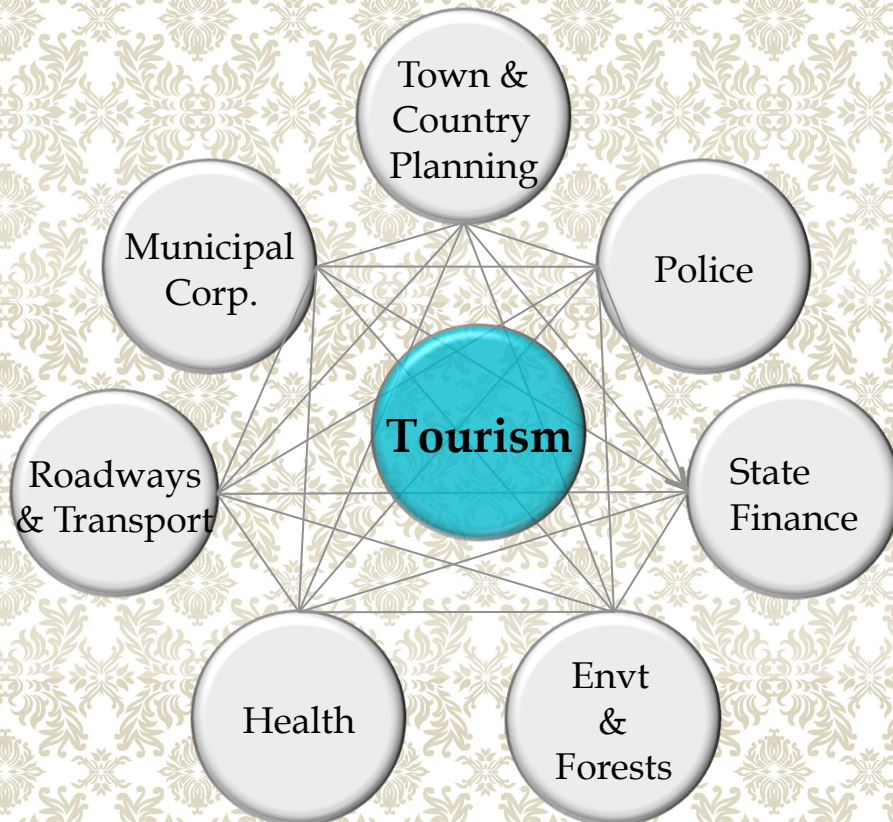


Some Examples

- **Finance**
 - Infrastructure Status
 - Multiplicity of taxes
 - Deemed Exporter Status
- **MEA/ Home**
 - Visa regulations and delivery
 - Visa on arrival
- **Roads/ Railways**
 - Connectivity of tourist destinations
 - Way Side amenities/ facilities
- **Environment and Forest**
 - Rationalisation of CRZ rules
 - Eco tourism policy
- **Civil Aviation**
 - ATF a declared good
 - Conducive aviation policy
- **Urban Development**
 - Urban design and civic management

Convergence at State and Urban Local Bodies (ULBs)

Current State of Coordination



Some Examples

- **Town and Country Planning**
 - Building Codes
 - Land Use Policies
- **Municipal Corporations**
 - Sanitation & Cleanliness
 - Waste Management
- **Police**
 - Safety and Security
- **State Finance**
 - Multiple Taxes
 - Resource Allocation
- **Environment & Forests**
 - Management of eco sensitive sites
- **Roadways & Transport**
 - Seamless travel
 - Road Taxes
 - Bus network
 - Highway Amenities

WTTC India Initiative PROPOSES...



Quality Infrastructure- Integrated Tourism Destinations (ITDs)

Development of Integrated Tourism Destinations (ITDs)

- WTTCII suggests creation of 50 Integrated Tourism Destinations (ITDs)
- ITDs are needed to coordinate /plan and execute
 - Land use planning
 - Municipal infrastructure
 - Transport linkages
 - Regulations
 - ASI
 - Police
 - Local taxation
 - Promotion & Marketing
 - Integrating tourism into various development schemes e.g. JNNURM, MNREGA etc.

Support Needed

- Empower CEO of ITDs may be DM/ MC/ other appropriate official
- CEO to be given authority to undertake land planning of the areas designated as ITDs
- Special status and tax / investment incentives in ITDs
- Improvement of roads (National Highways, State Highways etc.) connecting the ITDs to nearby locations including last mile connectivity
- Availability of funds to support development of ITDs through PPP model

Awareness and Promotion

Promote 'Incredible India' aggressively in India and Internationally

Speedy Implementation of Global Travel Mart India (GTMI)

Sensitize masses - Deliver 'Atithi Devo Bhava' message to the country

Make all tourism sites tourist friendly

Ensure seamless travel across states- One India

Remove discriminatory pricing for foreign tourists from all monuments

Skill Development

Include MoT in PM's Council on Skill Development and Industry in the National Skill Development Coordination Board

Management

- Tourism related education to be encouraged in Universities
- Culinary Institutes, Hotel Management, Food Craft Institutes, Tourism management
- Historical site management, forest management
- Conservationists, monument/ museum curators

Service Providers

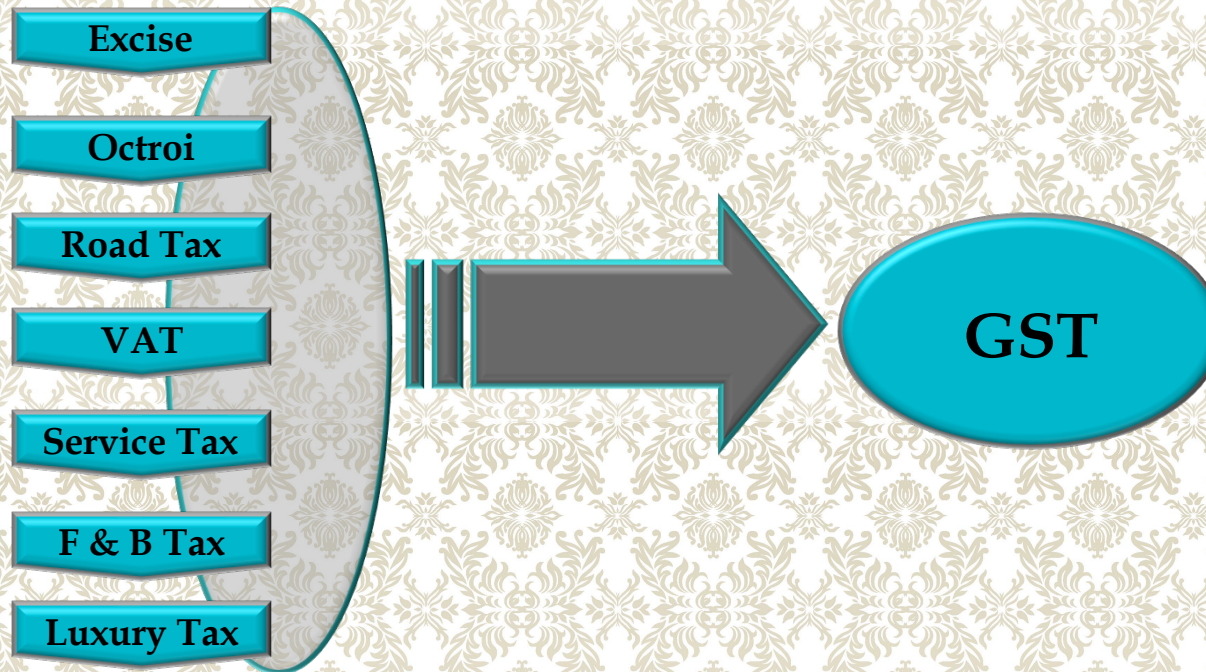
- Tourism Guides
- Adventure/ Ecotourism specialists
- Event and conference management skills
- Foreign and Indian language training

General Skills

- Dhaba and wayside facilities management
- Hygiene and sanitation
- Drivers
- Cooks and Waiters

Most of skill development is needed at the bottom of the pyramid

Taxation



Hotels, Tour Operators etc. may be exempted from service tax on foreign exchange earnings as other exporters.

Taxes levied on Tourism Industry should be unified, rationalized and made globally competitive.

Next Steps

**Constitute a Steering Committee on Tourism (similar to MSME) headed by the Principal Secretary to PM
(including all concerned ministries and stakeholders)**

Include MoT in PM's council on skill development and Industry in National Skill Development Coordination Board

Facilitate development of Integrated Tourism Destinations (ITDs)

Increase outlay for the Ministry of Tourism

Creation of Confederation of Indian Travel and Tourism Industry (CITTI)

Thank You

Vivek Nair
Chairman
WTTC, India Initiative

