



World Travel & Tourism Council, India Initiative calls on the States and Union Territories of South India to unite and provide a better Tourism Environment for tomorrow.

While stressing on the need for tax cuts, representatives from the hospitality and aviation sectors at the World Travel and Tourism Council, India Initiative (WTTTCII) meet at Hyderabad, 14 September 2013 said that high taxes act as disincentive to the growth of tourism in South India.

This Retreat attended by tourism representatives (both from the Centre and States governments) and trade representatives announced the formation of the Southern Zonal Tourism Advisory Council (SZTAC), which will deliberate and decide on improving tourism prospects in South India.

The WTTTCII Retreats are unique formats where the Government, Industry, Policy Makers, Media come together and brainstorm on the future of the most important industry in today's times in the Indian context - Travel & Tourism. At a Retreat hosted by WTTTCII at Bekal, Kerala in September 2012, the deliberations put forward a strong recommendation to form a Southern Zonal Tourism Advisory Council (SZTAC). The SZTAC will have a mandate to look at the interstate taxation on tourist vehicles, interstate permits, smooth facilitation at the entry and exit points of the States, development of requisite infrastructure to and at destinations and joint promotion of tourism assets.

The SZTAC formed by the Ministry of Tourism, Government of India under the leadership of Dr K Chiranjeevi, Hon'ble Minister for Tourism, Government of India will definitely bring the Southern States together, to create a vision and shared development approach for tourism in the Southern Region. WTTTCII will partner with Ministry of Tourism, Government of India to strengthen this unique platform with an Industry interface.

SESSION 1: SETTING THE SCENE

MS PRIYA PAUL, CHAIRPERSON, WTTTCII

In her opening address Ms Priya Paul said, "The **World Travel & Tourism Council, India Initiative (WTTTCII)** foresees a unique potential for the States and Union Territories in the Southern Region to develop and further benefit from the opportunities of Tourism."

"WTTTCII urges the Southern States to join hands and implement key policy initiatives as per the mandate of the Southern Zonal Tourism Advisory Council (SZTAC). India has varied and diverse Tax regimes within the 28 States and 7 Union Territories despite being a single country. Luxury tax, sales tax, entry tax, Airline Turbine Fuel (ATF), VAT varies from State to State. This is not an impressionable draw to the traveler. Access, Infrastructure, Seamless Travel and Uniform Tax Structures are necessary to make India's travel & tourism industry globally and regionally competitive. WTTTCII will partner with Ministry of Tourism, Government of India to strengthen this unique platform with an Industry interface," she added.



The Travel & Tourism industry in India is almost three times bigger than the size of automotive manufacturing industry and generates more jobs than the chemical manufacturing, automotive manufacturing, communications and mining sectors added together. Supporting 39 million direct, indirect and induced jobs in India, Travel & Tourism generates more jobs than the mining industry and communications services, she said. “In our policy and planning we need to be more flexible towards the Travel & Tourism Industry. The public sector requires the privately-owned companies to run the hotels, airports, airlines, cruise lines and tour operators to bring to life a country’s tourism potential. Together we both must seek to promote the economic and social benefits of this great industry. In pursuit of that mission, the Public and Private need to complement each other’s work. The Public – Private - People Partnership must be the foremost edicts of a better environment and a clear road map for tourism in the future”, she said.

She mentioned that the World Travel & Tourism Council, India Initiative will partner with the Ministry of Tourism to form and constitute an Eastern, Northern and Western Zonal Tourism Advisory Council.

MR ANAND KUMAR, JOINT SECRETARY, MINISTRY OF TOURISM, GOVERNMENT OF INDIA

Mr Anand Kumar drew the attention of the participants to the fact that a similar initiative to what was then called the Southern Zone Tourism Promotion Council (SZTPC) had been set up in 1988. He hoped that the SZTAC in its present form would pick up the positive points and principles of the SZTPC and consider taking the same forward. He also impressed upon the participating States to hold common Inter Regional Road Shows to promote the zone.

MR GIRISH SHANKAR, ADDITIONAL SECRETARY, MINISTRY OF TOURISM, GOVERNMENT OF INDIA

Mr Girish Shankar thanked WTTCCII for convening the Retreat and the first meeting of the SZTAC. He mentioned that the formation of the SZTAC is an extremely good initiative and the most important Stakeholders of this Council are the State Governments. “This is an important step in public private partnership in development of Tourism in the Southern Region,” he said.

MS CHANDANA KHAN, SPECIAL CHIEF SECRETARY, TOURISM, GOVERNMENT OF ANDHRA PRADESH

Ms Chandana Khan mentioned that it was an honor for the Government of Andhra Pradesh to host and flag off the first meeting of the SZTAC. “We have been in touch with the States in the region and have been actively pursuing this agenda ever since it was first recommended in the Bekal Retreat hosted by WTTCCII in September 2012,” she said. She mentioned that Andhra Pradesh had taken the first step in cooperation by signing a MoU with the Government of Karnataka. She mentioned that she would initiate steps to form a Pentangle Tourist Circuit for the 5 Southern States.

MR RAVINDRA SINGH, SECRETARY, MINISTRY OF CULTURE, GOVERNMENT OF INDIA

Mr Ravindra Singh in his address mentioned that Culture and Tourism must be integrated seamlessly. The pluralistic and multicultural nature of India is the key draw for Tourists, he said. There are many World Heritage Sites facing maintenance and management issues; the State Governments must take these up on priority, as these are primary attractions for the tourists. “The Ministry of Culture would be undertaking a media strategy wherein Culture and Tourism will be merged to make it a worthwhile experience/proposition for Tourists,” he concluded.



MR RV DESHPANDE, HON'BLE MINISTER FOR TOURISM, GOVERNMENT OF KARNATAKA

Mr RV Deshpande said, "With the setting up of the Southern Zonal Tourism Advisory Council, the Southern States can by way of example lead and show to the rest of India that effective coordination, joint and speedy resolution of issues could be attained for the Tourism Industry in the region." He mentioned that World Heritage Sites like Hampi still lack access, accommodation and basic amenities thereby hampering the inflow of Tourists. He laid particular emphasis on the potential of Beach Tourism especially for the Southern Region and mentioned that the Ministry of Environment & Forests must take into account the Swaminathan Committee Report on Coastal Regulations Zone (CRZ) while granting permissions for Beach Resorts and Hotels. The Government of Karnataka, he mentioned, has already submitted a proposal to Government of India regarding this. He mentioned that in order to increase and encourage Tourism to Tier Two Cities, ATF and other Airport Charges, must be slashed.

MR VATTI VASANT KUMAR, HON'BLE MINISTER FOR TOURISM, GOVERNMENT OF ANDHRA PRADESH

In his address Mr Vatti Vasant Kumar, thanked WTTTCII for organizing the Retreat in Hyderabad. He mentioned that Andhra Pradesh would Chair the SZTAC and will host the SZTAC in Hyderabad for the first year. He emphasized that the SZTAC must include representation from Archeological Survey of India (ASI), Ministry of Environment & Forests and Ministry of Culture. He pointed to the need for more coverage and focused marketing for the Southern States in International Tourism Fairs. He called on the need to strengthen tourism statistics and reiterated that the reports must be of international standards.

DR K CHIRANJEEVI, HON'BLE MINISTER FOR TOURISM, GOVERNMENT OF INDIA:

Calling it a 365-day tourist destination, Union Tourism Minister said South India's tourism potential stands unexploited. There is a need to go beyond and create new destinations. He suggested various measures that could boost the sector in the region. "Taxes related to tourism should be made uniform while tourism should be declared an export industry. The State Governments must implement a policy to charge taxes on Hotel Rooms as per actual tariff. Intra-regional packages should be promoted, while hygiene at tourist spots and security of tourists should be made a priority," he said. Citing the example of the Uttarakhand tragedy, he said that tourist destinations should be developed according to their carrying capacities. He congratulated WTTTCII for bringing together the Southern States for constituting the SZTAC. He urged the participating States to finalize the constitution of the Council, the agenda for future and the policy and strategy for promoting Tourism among the Southern States.



SESSION 2: AIRLINES – CLEAR SKIES OR TURBULENCE AHEAD

EXCERPTS FROM PRESENTATION MADE BY MR KAPIL KAUL, CEO, CAPA SOUTH ASIA:

- Indian aviation has seen tremendous growth in the last decade with the number of passengers passing through India’s airport increasing 3.7x over this period.
- Domestic traffic has grown faster than international but has been more volatile experiencing periods of strong double-digit growth interspersed with periods of negative growth.
- International traffic in contrast has grown more steadily, continuing to remain positive even during the economic slowdowns.
 - CAPA expects that in FY14 domestic traffic will grow by around 4-6%;
 - And international will sustains it current healthy growth rate of approximately 10%.



Growth Ahead will Dwarf Recent Experience

	Domestic Airline Pax	Int’l Airline Pax	Airport Pax	Growth Multiple	Absolute Growth
2002/03	14m	15m	43m		
2012/13	58m	43m	159m	3.7x	116 m
2022/23F*	178m	96m	452m	3.2x	293m
	Indian Outbound Departures		Foreign National Arrivals		
2012	15.0m		6.7m		
2017	21.1m		9.9m		
2022	34.6m		13.6m		

*CAPA Forecast

Note: To calculate airport passenger numbers the domestic airline passenger traffic is doubled as each domestic passenger counts as two movements within the country’s airport system, once on departure and again on arrival.

Key Structural Challenges for the Airline Industry:

- **Policy & Regulatory Weakness:** Indian aviation continues to operate in the absence of a cohesive national civil aviation policy. As a result key strategic decisions are made in a policy vacuum, which is not conducive to investment or industry viability.
- **New airline licenses:** There is no defined policy on how and when these are to be allocated. They need to be issued to well-funded, professional promoters, we cannot rely on the current carriers, which are largely weak, to support the growth in demand.
- **Bilaterals:** These are national assets and there is no clarity on how they are allocated.



- **Negative Fiscal Regime:** The industry is subject to high taxation and operating costs. The sales tax on ATF is a particularly significant burden. The recent sharp depreciation of the Rupee has hit the industry particularly hard as 70% of costs are US dollar-denominated (although this development should be positive for inbound tourism).
- **Financial Burden:** The aviation industry has a debt burden of USD18-19 billion and has accumulated losses in the last 5-6 years of around USD9 billion. Combined with the hostile operating environment, capital raising is very challenging.
- **Public Sector Units:** There is no clarity on the future of Air India and the AAI, which continues to cloud policy making.
- **Airport Infrastructure:** Although there have been significant improvements in recent years, costs have increased and delays to the Navi Mumbai project, which could choke India's commercial capital will be costly.
- **Awareness:** State governments do not fully appreciate the role that aviation plays in economic development and need to take a more proactive stance in encouraging and supporting the sector.
- **Economic Outlook:** The recent slowdown has hit the industry hard, however the expectation is that over the next 18 months India will resume the path towards 8% GDP growth, which will revive activity and travel.
- **Airspace Efficiency:** The decision to allow flexible use of airspace between civil and military operators will open up more direct routings for airlines, as will the implementation of GAGAN, the satellite-based navigation system. This will reduce fuel burn and emissions, and thereby costs.
- **Taxation Reform:** There does seem to be some increasing recognition by some states of the need to reduce taxation on fuel. A national push to a 4% rate will deliver significant benefits to all stakeholders.
- **Ancillary Revenue:** The decision by the government to permit airlines to unbundle fares and levy ancillary charges for services will allow airlines to adopt greater flexibility in offering stimulatory pricing while generating additional revenue to drive viability.
- **Aircraft technology:** The introduction of re-engined narrow body aircraft, starting from the A320 neos in 2016, followed by the 737 MAX, will drive valuable reductions in fuel efficiency.

However, most of these positive improvements are only expected to take hold from 2015/16 onwards and the interim couple of years could be a very testing time for airlines.



Key Issues for Southern States:

GOA:

- **Airport Infrastructure:** The long-pending development of Mopa Airport should be fast-tracked. New airport infrastructure is welcome, such as the opening up of Karwar base as a civil enclave, and the greenfield airport across the border at Sindhudurg in MH. However, having four airports in close proximity could lead to cannibalisation of traffic and an impact on feasibility, which requires careful examination.
- **Sales Taxation:** The reduction in sales taxation on ATF to 12% is very welcome, however the next step should be taken to reduce this to 4%.
- **Regulatory Support:** Influence the Central Government to allocate more bilateral entitlements for Goa and to open up the Visa-on-Arrival scheme to a wider range of nationalities (after identifying those source markets which represent a higher proportion of visitor arrivals to Goa)
- **International Air Connectivity:** Goa has been successful in developing international charter operations however there is limited direct air connectivity from medium and long haul source markets. This may in part be addressed by new airport infrastructure, however greater efforts need to be made to encourage short and long haul international LCCs to operate to the airport.
- **Domestic Air Connectivity:** There is an opportunity for Kerala to grow its inbound market, and to capture a larger share of that market, by encouraging the development of domestic routes between the state and other popular destinations for foreign tourists e.g. Cochin, Rajasthan and Agra, particularly between October and March.

KERALA:

- **Airport Infrastructure:** Kerala has been a leader in aviation infrastructure development from the first PPP airport at Cochin to Greenfield projects at Aranmula and Kannur, the aerotropolis at Trivandrum and the launch of seaplane operations. There is greater tourism coordination visible in Kerala than in most states.
- **Sales Taxation:** However, despite the positive nature of aviation infrastructure policy in the state, the sales tax on ATF of 25% is a significant disincentive to the growth of air services and should be reduced to 4%.
- **Airport Charges:** Cochin Airport generates a very high 75-80% of its revenue from non-aero activities. If a dual-till or light touch pricing regulation framework was applied CIAL could reduce aero charges substantially. Combined with 4% sales tax this would deliver a huge boost to air services.
- **Regulatory Support:** Influence the Central Government to allocate more bilateral entitlements for airports in Kerala and to open up the Visa-on-Arrival scheme to a wider range of nationalities (after identifying those source markets which represent a higher proportion of visitor arrivals to Kerala)
- **International Air Connectivity:** Despite the fact that Kerala has achieved a strong brand positioning overseas as a tourism destination, there is limited direct air connectivity from medium and long haul source markets in Europe, North America, the Far East and Australia. The state should focus on encouraging and developing charter operations from these markets to act as market-proving exercises, which could then be a pre-cursor to scheduled long haul services.



- **Domestic Air Connectivity:** There is an opportunity for Kerala to grow its inbound market, and to capture a larger share of that market, by encouraging the development of domestic routes between the state and other popular destinations for foreign tourists e.g. Goa, Rajasthan and Agra, particularly between October and March.

TAMIL NADU:

- **Modernized Airport:** The completion of the first stage of the modernization of Chennai Airport represents a milestone for the state, bringing the airport on a par with competing metro hubs in India and creating new traffic opportunities.
- **Hub Development:** Attracting Air Asia to establish a hub at Chennai is indicative of this. The State Government should take further steps to support the development of an ASEAN low cost hub at Chennai, leveraging its location and underlying traffic flows to support connectivity between South Asia, Southeast Asia and even the Gulf.
- **Airport Infrastructure:** But based on expected growth rates, Chennai's airport could saturate by 2020 and decisive action is required on developing a strategy for expansion or the construction of a second Greenfield airport.
- **Sales Taxation:** Sales tax rate of 29% is the highest in South India and one of the highest in the country and is a strong disincentive to growth. Rate should be reduced to 4% to maximize connectivity and tourism.
- **Regulatory Support:** Influence the Central Government to allocate more bilateral entitlements for airports in Tamil Nadu and to open up the Visa-on-Arrival scheme to a wider range of nationalities (after identifying those source markets which represent a higher proportion of visitor arrivals to TN).
- **Coordinated Aviation & Tourism Strategy:** Increase coordination and work closely with the airports, airlines and tourism operators to more actively promote travel to Karnataka through joint marketing campaigns and integrated product development.

KARNATAKA:

- **Bengaluru Gateway:** Bengaluru International Airport is the primary gateway to the state and offers world class, efficient infrastructure. The economic profile of the state presents a huge opportunity for air services, however the State Government needs to support the airport through marketing, regulatory, fiscal and infrastructure support (upgraded connectivity between the airport and city is a key example of the latter).
- **Sales Taxation:** Sales tax rate of 28% is one of the highest in the country and is a strong disincentive to growth. Rate should be reduced to 4% to maximize connectivity and tourism.
- **Regulatory Support:** Influence the Central Government to allocate more bilateral entitlements for airports in Karnataka and to open up the Visa-on-Arrival scheme to a wider range of nationalities (after identifying those source markets which represent a higher proportion of visitor arrivals to Karnataka).



- **Competing Hubs:** Bengaluru Airport competes not only with other Indian airports, but its ambitions and traffic flows are also influenced by what happens in neighboring offshore hubs such as Dubai, Singapore and Hong Kong. The State Government must remain on top of developments in these regions to understand the opportunities and challenges, which these represent.
- **Coordinated Aviation & Tourism Strategy:** Increase coordination and work closely with the airports, airlines and tourism operators to more actively promote travel to Karnataka through joint marketing campaigns and integrated product development.
- **Airport Infrastructure:** The airport at Mysore has not attracted interest from airlines and the State Government needs to develop a package of incentives to support this facility.

ANDHRA PRADESH:

- **Hyderabad Gateway:** Hyderabad International Airport is the primary gateway to the state and offers world class, efficient infrastructure. But there are structural challenges with the nature of traffic flows and the State Government should support HIAL to develop traffic.
- **Competing Hubs:** Hyderabad Airport competes not only with other Indian airports, but its ambitions and traffic flows are also influenced by what happens in neighboring offshore hubs such as Bangkok, Singapore and Kuala Lumpur. The State Government must remain on top of developments in these regions to understand for potential impacts – either positive or negative – on Andhra Pradesh.
- **Coordinated Aviation & Tourism Strategy:** Increase coordination and work closely with the airports, airlines and tourism operators to more actively promote travel to Andhra Pradesh through joint marketing campaigns and integrated product development.
- **Sales Taxation:** Sales tax rate of 16% is competitive in South India but is still high and is a disincentive to growth. Rate should be reduced to 4% to maximize connectivity and tourism.
- **Regulatory Support:** Influence the Central Government to allocate more bilateral entitlements for airports in Andhra Pradesh and to open up the Visa-on-Arrival scheme to a wider range of nationalities (after identifying those source markets which represent a higher proportion of visitor arrivals to AP)
- **Airport Infrastructure:** Developing further airport infrastructure is critical, from enhancing the role of Vizag Airport to incentivizing the development of low cost airports in Tier 2 and Tier 3 towns, subject to appropriate feasibilities.
- **Telangana:** The establishment of Telangana state is likely to increase traffic flows in the short-term.

MR ARUN MISHRA, DIRECTOR GENERAL OF CIVIL AVIATION

Mr Arun Mishra said that the Civil Aviation Ministry would firm up plans to develop no-frills airports at strategic locations – some of them perhaps without air-conditioning facilities. Efforts were on to structure them in a manner so that there would be no parking or landing charges. The Civil Aviation Ministry also assured its cooperation in the form of string of low cost airports connecting important destinations. He pointed out to the need of making civil aviation central to the development of new tourism master plans by improving regional air connectivity.



There are over 460 airports and airstrips across the country, some of which, with reasonable investments, could be developed as low-cost airports. “It was for the respective State governments to invest in security and passenger amenities in these airports,” he said. There is, however, a challenge in the form of absence of adequate smaller aircraft as the runways were equipped with landing and take off facilities for 40 to 70 seater aircrafts.

He emphasized that there was a need for the State governments to reduce the taxes on ATF, as the domestic airlines were suffering with a combined loss amounting to INR. 9,800 Crores in the last fiscal year. The ATF cost in New Delhi was close to INR. 80,000 a Kiloliter while it was less than INR. 50,000 in Bangkok and other places.

He mentioned that the Government of West Bengal has taken an innovative step by reducing the ATF by 50% in Kolkata and 0% in Bagdogra and the upcoming Airports of Durgapur & Cooch Bihar.

MR KAMAL HINGORANI, SENIOR VICE-PRESIDENT, SPICEJET

Mr Kamal Hingorani mentioned that SPICEJET has the largest presence in terms of networks in South India. South of India has the highest tax on ATF which averages to 36%. This in addition to Ground Handling, Service Taxes etc make operations unviable. Fuel Burn is another major issue for Airlines. He emphasized that there is a need for a level playing field to make the Airlines competitive, passenger friendly and profitable.

SESSION 3: TOURISM – COMMON PROBLEMS, COMMON SOLUTIONS

EXCERPTS FROM PRESENTATION MADE BY MR MANAV THADANI, CHAIRMAN, HVS SOUTH ASIA:

CONSOLIDATED RANKINGS – STATES & UTS								
	Presence of Branded rooms	Road & Railway infrastructure	Aircraft Movement	Luxury Tax	State Expenditure on Tourism	Tourist Arrivals	Total	Rank
Tamil Nadu	8	10	6	7	5	20	56	7
Andaman & Nicobar	6	8	2	25	5	16	62	6
Kerala	10	10	4	11	10	20	65	5
Andhra Pradesh	8	10	6	18	5	20	67	4
Karnataka	8	10	6	15	10	20	69	3
Goa	10	10	2	15	25	20	82	2
Puducherry	10	10	0	25	25	16	86	1

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STATES/UNION TERRITORIES – AN ANALYSIS

WHAT IS WORKING	WHAT COULD BE BETTER
PUDUCHERRY	
<ul style="list-style-type: none"> • This Union Territory comes in at first place, in the Southern State Ranking Survey • Spiritual institution, French colonial heritage, Tamil culture, virgin beaches and backwaters • Day visit in tourist circuit, as well as weekend destination for domestic tourists from Tamil Nadu, Kerala and Andhra Pradesh • 'Vision 2025' for Puducherry envisages augmented growth in the Tourism sector- promoting the state as an international destination for wellness, spiritual, and eco-tourism 	<ul style="list-style-type: none"> • Creation of destinations in order to attract tourists, beyond weekend and religious trips • Attract more 'high-value' tourists, increasing the spend and the duration of their stay • Lack of intensive marketing and promotion • Poor connectivity and infrastructure facilities to tourist destinations • Adequate business infrastructure - SEZs, parks, social and access infrastructure - should be created • Expansion of Pondicherry airport and giving way to more private airline operators
GOA	
<ul style="list-style-type: none"> • The New Government! • Steady upswing in the arrivals of domestic and foreign tourists • Room rates increased by 20% in 2012 - the highest in the country • Good allocation of funds to the Tourism industry • State is replete with hotels across different positioning catering to various segments • MICE segment is emerging as one of the largest revenue generators • With the rapidly growing domestic market, Goa has successfully become a year-long holiday destination 	<ul style="list-style-type: none"> • Difficulty in obtaining approvals and licenses - high barriers to entry • No clarity from the Government on 'Visa on arrival' status • Availability of the airport - one of the biggest infrastructure bottlenecks. The prospect of new Mopa airport is promising • Garbage is one of the most contentious issues facing the tourism department along with overcrowding of beaches • Ease Coastal Regulation Zone (CRZ) norms • Support from Tourism Dept. for Charter operators - as is the practice in Israel, Egypt, Turkey etc. - in order to promote charter tourism in these destinations • Increasing crime rate tarnishing the image of Goa – in North Goa itself there has been a 59% increase in 5 years – urgent need for efforts to curb the trend and reinforce law & order
KARNATAKA	
<ul style="list-style-type: none"> • Domestic tourists increased by around 120% and international tourists by roundly 77% - much higher than many other Indian states • The current tourism policy, which envisages making tourism the 	<ul style="list-style-type: none"> • A stable government would definitely help! • Luxury tax on accommodation is costlier compared to the other Southern states • Outlay for tourism has dropped from 0.22% in 2010 to 0.14% in

<p>principal and largest economic activity in the state</p> <ul style="list-style-type: none"> Planned development of World Heritage Centers at Hampi and Pattadakal IT/ITES sectors as demand generators- evolution of the state capital as one of the most important global technology hubs 	<p>2012</p> <ul style="list-style-type: none"> Poor infrastructure in Bangalore and distance from the airport Harassment by local law enforcement authorities
ANDHRA PRADESH	
<ul style="list-style-type: none"> The state ranked first with highest domestic tourist inflow - Thank God for Tirupati!!! Famous film making centers – Again, thank God for the movies! New airport and road infrastructure in the city and other areas, is by far the best in the country Lower rate of Luxury Tax (but taxes are on published tariffs) High FAR availability makes hotel projects more feasible First state in the country to have a single window clearances act with provisions of set time periods and deemed approvals 	<ul style="list-style-type: none"> Telengana, Rayalaseema and Uttarandha – Can we please solve this once and for all. Government to take firm steps in controlling extremist and terrorist activities
KERALA	
<ul style="list-style-type: none"> Some of the highest growth rates in GSDP and per capita income Total revenue from tourism, both direct and indirect, has touched Rs 21,125 crore in 2012 as compared to Rs 19,037 crore in 2011 The Visa-on-arrival facility at Trivandrum and Cochin expected to give a big fillip to the Kerala tourism. Aggressive marketing, promotion and brand building, in India and abroad Relatively well developed private tourism sector and availability of accommodation facilities around the major hub and support hubs Three new circuits identified for integrated development 	<ul style="list-style-type: none"> One of the highest Luxury tax rates in India. Need to restructure taxes Tourism spend (0.15%) is much less compared to other states' allocation of funds towards tourism Significantly lesser aircraft movement, in comparison with other Indian states Government's steps to curb alcohol consumption can cause severe damage to the state's tourism appeal Frequent strikes in the city continue to disrupt normal life
ANDAMAN & NICOBAR	
<ul style="list-style-type: none"> Unparalleled scenic beauty with an unique combination of pristine waters, mangrove creeks and dense equatorial forests One of the most striking beaches in Asia and the World Strategic location helps compete with similar destinations in the far East 	<ul style="list-style-type: none"> Tremendous scope for leisure and entertainment in the beach resorts - most of which remains un-tapped Poor inter-island connectivity Lack of quality hotel supply Relaxation in CRZ norms Difficult to obtain clearance for tourism related projects from different departments in the absence of Single window system Tourist infrastructure in majority of beaches are in poor condition – need to enhance tourism and public facilities Prospect of attracting MICE segment and cruise tourism Lack of adequate marketing and promotion
TAMIL NADU	
<ul style="list-style-type: none"> Steady rise in the number of tourist arrivals – especially international travellers The state has emerged as the preferred destination for medical tourism in the country In the past one year, Chennai has witnessed the entry of international hotel brands, and nearly 2000 rooms have been added to the city inventory in the 5-star and Luxury category IT, Banking and Automobile sectors as demand generators 	<ul style="list-style-type: none"> One of the worst states in the country to open a hotel ! At 0.02%, the state has low budgetary provisions for travel and tourism The highest luxury tax rates amongst the seven states, and one of the highest in the country; taxation is based on Rack Rate unlike neighboring states Kerala and Karnataka where the taxation is based on 'Applicable rates' Better marketing and promotion strategies for long-term

<ul style="list-style-type: none"> • “Vision Tamil Nadu – 2023” targets investment of INR.10,000 crores in Tourism through Government and Private investments by 2023 – • Will this only be on paper??? 	Brand Building
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INTER-STATE TRANSPORT TAXATION

Vehicle Type	Inter State Taxes / Vehicle / Week				
	Andhra Pradesh	Tamil Nadu	Kerala	Pondicherry	Goa
49 Seater Non A/C (Push back)	18000	34500	9000	4900	16000
Volvo (45 Seater)	17000	27600	9500	4500	15000
Mercedes Benz Bus (45 Seater)	17000	27600	9500	4500	15000
ISUZU (40 Seater)	17000	27600	8000	4500	13500
35 Seater A/C	14000	22000	6500	3500	11800
35 Seater Non A/C	14000	22000	6500	3500	11800
21 Seater A/C	10500	13100	4000	2800	7600
21 Seater Non A/C	10500	13100	4000	2800	7600
18 Seater A/C	9500	11300	3500	1800	6700
18 Seater Non A/C	9500	11300	3500	1800	6700
12 Seater Tempo Traveller A/C	3800	1000	1000	1000	4400
12 Seater Tempo Traveller N. A/C	3800	1000	1000	1000	4400
06 Seater Innova A/C	1000	750	750	750	
A/C Indica					
Non A/C Indica					

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Southern States transport permits

- The success model Golden Triangle transport taxation brought about a increase in arrivals in North India due to competitive transport segment cost.
- Such model can bring about a significant growth in Southern States covering Tamil Nadu/Pondicherry/ Kerala/Karnataka/Andhra Pradesh.
- The model of one single permit for Tourist usage coaches among the Southern States may be considered with certain guidelines and regulations as follows (to bring about authentic usage):
 - The Permit may be considered for new coaches with a lifetime of 2 years for such a permit.
 - The transporter should be a member of the transport association or IATO/TAAI – to ensure certain status in the tourism industry.

MR GIRISH SHANKAR, ADDITIONAL SECRETARY, MINISTRY OF TOURISM

Drawing similarities between the numbers of stakeholders in the Private Sector, Mr Girish Shankar mentioned that there are different stakeholders, in the Government in the form of Ministries both at the Central & State levels. The key challenge is coordination and this can be done with the help of the SZTAC, involving the Chief Secretaries and the Finance Secretaries of the States. “It has to be a functional Council and must look at an integration of circuits, common marketing and promotions,” he said.

MR RAYMOND BICKSON, MANAGING DIRECTOR & CEO, TAJ HOTELS RESORTS & PALACES

Mr Raymond Bickson said taxation must be done on actual rates. India, and particularly South of India, has the potential to develop into a world class MICE destination and develop adequate infrastructure for the same. He suggested that a whitepaper on tourism must be commissioned to study the trends/concepts in tourism prevalent across the world and ways in which they can become benchmarks for the Southern States and India.



MS PRIYA PAUL, CHAIRPERSON, WTTCI

Ms Priya Paul emphasized the need to develop formal and informal links between all stakeholders and coordination across all levels of Government. To lengthen the span of stay, entertainment and engagement options for tourists across various cities in India must be enhanced, she said.

MR RAJEEV MENON, AREA VICE PRESIDENT – SOUTH ASIA, MARRIOTT INTERNATIONAL

Mr Rajeev Menon mentioned that the variation of taxation across States and high luxury taxes makes South of India non competitive. There is a need for rationalization of taxes, which must be kept in mind and should be a common agenda for the SZTAC in its decisions, he said.

MR VIVEK NAIR, CHAIRMAN & MANAGING DIRECTOR, THE LEELA PALACES, HOTELS AND RESORTS

Mr Vivek Nair urged the Central Government to penalize States charging high luxury taxes by deferring to grant Central Financial Assistance and permissions for Projects. Delayed permits and excessive usage of CRZ regulations must also be addressed. The Government of India must put hotels on the Infrastructure Lending List of RBI so that hotel developers can avail long-term loans he mentioned.

MR ASHISH JAKHANWALA, MD&CEO, SAMHI

Mr Ashish Jakhanwala noted that the focus must be on accessibility as time to destination is critical. He said, for integrated tourism development in the country, States must identify infrastructure gaps for tourist destinations and ensure that these gaps are addressed by way of effective interventions from the highest level.

MR DIPAK DEVA, VICE CHAIRPERSON, WTTCI

Mr Dipak Deva mentioned that the taxation on transportation is high and constitutes 20% of the entire package. There should be a reciprocal agreement among the States in the region to lower and bring about a uniform taxation structure. Convergence and synergy are the two key words. Seamless travel has been launched between Delhi-Agra-Jaipur covering four Northern States; there is no reason why it cannot happen among the Southern States, he noted.

SESSION 4: BEYOND THE INDUSTRY

MS DIVIA THANI, EDITOR, CONDENAST TRAVELLER

Ms Divia Thani said that a tourist buys into legends and myths and there must be a clear plan for a multistate itinerary. Citing the example of the Jaipur Literary Fest she said, festivals and shows centric to tourism sites and cities must be developed to draw and attract tourists. Important monuments must be opened up for hosting shows and festivals. “Why cannot a fashion show be hosted at the Salarjung Museum and or a concert be hosted at Hampi?” she concluded.



MR KINGSHUK NAG, EDITOR, TIMES OF INDIA

Mr Kingshuk Nag mentioned that it was imperative to make traveling cheaper and affordable to all sections of travelers. Low cost airports, which serve as key access points for tourists, must be promoted to ease travel. Governments must ensure that by levying fewer taxes on the traveler they further ensure the ease of travel. “Facilities owned and administered by Governments are often in an unmentionable state and must be maintained properly,” he said.

SESSION 5: GETTING READY FOR THE FUTURE - SOUTHERN ZONAL TOURISM ADVISORY COUNCIL

As the Member Secretary to the SZTAC, Mr Anand Kumar started the proceedings by raising a few issues for the consideration of the Council. He mentioned that a decision needed to be taken on including stakeholders into the forum. He also mentioned there might be a need for the SZTAC to consider inviting immediate neighboring States for resolution of interstate issues etc. He emphasized that while discussing relevant subjects like taxation, transportation etc it would be important to invite the State Secretaries of the respective departments to ensure a speedy resolution of issues.

Ms G. Sathyavathi, Director, Karnataka Tourism, Government Of Karnataka, noted that one of the main focuses must be seamless travel across State borders and it would be important to co-opt the State Transport Secretaries as Members to the SZTAC. Mr Nikhil Desai, Director of Tourism, Government Of Goa, said that a Study should be commissioned to assess whether reduction in luxury tax leads to increase in revenue and also if such reductions are passed on to the consumers. The SZTAC could commission such studies he mentioned. Mr Girish Shankar endorsed the view of Mr Nikhil Desai on the need of the study. He added that apart from Finance Secretaries, relevant departmental Secretaries must be invited to the SZTAC, as and when issues concerning their respective department come up in the Agenda for discussion at the SZTAC.

Ms Chandana Khan, Special Chief Secretary, Tourism, Government of Andhra Pradesh as the Chair of the SZTAC in her remarks said that Centre has to give financial assistance to the SZTAC. So should the State Governments. As a first measure, she announced, that the Government of Andhra Pradesh would contribute INR 50 Lakhs towards the corpus fund of the SZTAC. “Discussion and decision on tourism related matters must be a two way process,” she said, adding, “it should not be a directive from GOI, it should also be recommendations of the SZTAC to GOI.” She emphasized on the need for a permanent Secretariat and mentioned that the meetings have to be frequent and sooner than six months. Mr P M Ali Asgar Pasha, Managing Director, Kerala Tourism Development Corporation Ltd And Mr G Victor Raj, Deputy Resident Commissioner, Andaman & Nicobar Administration supported the deliberations.

Mr R.V. Deshpande, Hon'ble Minister for Tourism, Karnataka said the SZTAC must be empowered and be an active forum. Ministry of Tourism, Government of India must support it with financial powers. The SZTAC must be given authority to approve budgets and take independent decisions regarding projects and policy. He mentioned that the State of Goa must be included in the SZTAC.



Summing up the discussions, Mr Anand Kumar, Joint Secretary, Ministry of Tourism and Member Secretary to the SZTAC mentioned that the SZTAC, now formally constituted, would be chaired by the Chief Secretary of the States in alphabetical order and by rotation. The Secretaries of Tourism and other relevant Departmental Secretaries, representatives from Ministries at GOI level will be co-opted and invited as and when necessary. Each State shall Chair the SZTAC for the duration of a year. The SZTAC will have the States of Andhra Pradesh, Goa, Karnataka, Kerala, Tamil Nadu and Union Territories of Andaman & Nicobar, Puducherry and Lakshwadeep as Members. The State of Andhra Pradesh will be the first Chair of the SZTAC. The Agenda for discussion at the first meeting of the SZTAC would include the following:

- Taxation – Airline & Hospitality
- Interstate Transport Taxation and Permits
- CRZ Regulations
- Excise Issues
- Access and Connectivity to Destinations/Tier two Cities with the use of smaller aircrafts.
- Focus on the MICE potential and setup adequate infrastructure.
- Identifying important regional circuits
- Joint publicity promotion of the South Zone
- Clearance on Hotel Projects/Classification norms
- Visa on Arrival (any other airports from Metros)
- Vision for Tourism for the Southern Region - 2020 and 2030
- Engagement, entertainment and leisure activities for the tourist at destinations.

Mr Anand Kumar said, “The first meeting of the SZTAC will be held in three months. Till the time a decision on the permanent Secretariat is taken WTTTCII will handhold the SZTAC.”

Mr Dipak Deva, Vice Chairperson, WTTTCII concluded, “With the SZTAC now constituted and formed we will look forward to its missives and directives for a better Tourism environment in the Southern Zone. WTTTCII extends its full support to the Southern Zonal Tourism Advisory Council. WTTTCII pledges to partner with the Ministry of Tourism and State Governments to form more such Core Groups and Regional Councils like the SZTAC to jointly chart a roadmap for Indian Tourism.”



World Travel & Tourism Council, India Initiative:

The World Travel & Tourism Council (WTTC) is the forum for business leaders in the Travel & Tourism industry. With Chief Executives of some one hundred of the world's leading Travel & Tourism companies as its Members, WTTC has a unique mandate and overview on all matters related to Travel & Tourism. The World Travel & Tourism Council, India Initiative (WTTcii) was launched in year 2000 with a purpose to unite key players from the industry to work closely with the Government and other stakeholders to address issues of concern and advocate policy directives to support the development of the Travel & Tourism sectors. WTTcii is a forum of leading Airline, Hospitality & Travel Services Members, who as an umbrella body, are engaged in the promotion of tourism in India. WTTcii works to raise awareness of Travel & Tourism as one of the largest industries that can contribute in terms of employment potential, economy and sustainable development in India.

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