



**WTTC , INDIA INITIATIVE RETREAT
THE LALIT RESORT & SPA, BEKAL, 15-17 SEPTEMBER 2012**

WTTCII Bekal Retreat - A REPORT:

WTTCII hosted the Bekal Retreat, 15-17 September 2012. This Retreat was focused on bringing the Southern State and the Industry Stakeholders to common meeting grounds with a common agenda for development of tourism in the Southern Region. Ideas were exchanged on the various issues affecting inter State Tourism Circuit Development, the new tourism products/policy that each State is planning to bring to the fore, the necessary infrastructure, policy and other interventions needed to make these initiatives a success story. The Hon'ble Minister for Tourism, Government of India, Mr Subodh Kant Sahai, Hon'ble Minister for Tourism, Government of Kerala, Mr Anil Kumar, Hon'ble Minister for Tourism, Government of Karnataka, Mr Anand Singh, Secretary Ministry of Tourism, Government of India, Mr RH Khwaja, Director General of Civil Aviation, Mr Arun Mishra, Joint Secretary, Ministry of Culture, Dr V.Venu, Principal Secretary, Tourism, Government of Andhra Pradesh, Ms Chandana Khan, Principal Secretary, Tourism, Government of Karnataka, Ms Latha Krishna Rao, Principal Secretary, Tourism, Government of Kerala, Mr Suman Billa, Dr Jagdish Patil, MD, Maharashtra Tourism Development Corporation, Mr N Prabhakaran, General Manager Finance & Company Secretary, Tamil Nadu Tourism Development Corporation attended this Retreat along with prominent industry Stakeholders.

The Retreat had three Business Sessions. The issues/points highlighted in each session are as follows:

Session 1: Aviation

Moderator: Mr Kapil Kaul, CEO South Asia, CAPA

Panelists:

- ***Mr Arun Mishra, DG, DGCA***
- ***Mr. Sudheer Raghavan, Chief Commercial Officer, Jet Airways***
- ***Mr V. Thulasidas, Managing Director, Kannur International Airport Ltd.***

1. There must be a clear direction to understand the impacts and implications of handling from 42 million International airlines passengers in 2000-01 to 178 million at present to 452 million by 2020-21
2. The Sector has accumulated losses of US\$86 billion and debt of US\$16 billion at end of FY12.
3. Hostile operating and cost environment: ATF @ Rs 75000 per kiloliter in Mumbai. Airlines go and buy ATF in say Singapore rather than India. At the same time India is a net exporter of ATF.
4. The Government of India would be looking at creating a subsidy model to encourage regional connectivity. The States and Stakeholders will be partners in this initiative. Separate funds are being created for Regional Air Connectivity.
5. There is a need for development of Low Cost Airports. At the moment only 82 out of 400 being operated/are being made operationally ready. State Governments will need to play a big role in their development.
6. Domestic Airlines needs to about put together the idea 'Pooling of Services' for the greater benefit of the passenger mobility.
7. The outlook for Sector despite the recent announcement of FDI looks grim and will need time to stabilize.



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Session 2: Hospitality

Moderator: Mr Manav Thadani, Chairman, HVS, South Asia

Panelists:

- **Dr V Venu**, Joint Secretary, Ministry of Culture, GoI
- **Dr Jyotsna Suri**, Chairperson & Managing Director, The Lalit Suri Hospitality Group
- **Ms Priya Paul**, Vice Chairperson WTTCII & Chairperson, The Apeejay Surrendra Park Hotels

1. All Stakeholders need to get their act together for creating new destinations. We are not able to broaden the visitor experience.
2. Lack of infrastructure is the biggest impediment. Last mile connectivity happens in some cases, in some cases it is still lacking.
3. States must realize the contribution of Tourism to State's GDP. A careful and through study, a Tourism Satellite Accounting System must be put into place. This will definitely be an eye-opener.
4. There is a need to start thinking of an Intelligent Taxation Systems. States serious on encashing the benefits of Tourism will need to consider and announce a Tax- holiday for 5 years for the Sector.
5. Branding of India wearing off. As pointed out in many forums there needs to be a Incredible India Version 2.0

Session 3: State Initiatives

Moderator: Mr Vikram Madhok, Chairperson, WTTCII & Managing Director, Abercrombie & Kent India Private Limited

Panelists:

- **Ms Chandana Khan**, Secretary Tourism, Govt of Andhra Pradesh
- **Ms Latha Krishna Rao**, Secretary Tourism, Govt of Karnataka
- **Mr Suman Billa**, Secretary Tourism, Govt of Kerala
- **Dr Jagdish Patil**, MD, Maharashtra Tourism Development Corporation
- **Mr N Prabhakaran**, General Manager Finance & Company Secretary, Tamil Nadu Tourism Development Corporation

1. Need for Integrated Circuits amongst 5 Southern States and the Southern Region.
2. Setting up of a South Zonal Tourism Council (SZTC) chaired by the Finance Secretary of a Southern State by rotation.
3. Union Tourism Ministry should market South much more in their promotional films.
4. The recently announced launch of Sea-Plane Project by early next year will make it possible to get to any destination in Kerala from the airport in 20 minutes.
5. The average duration of stay for international tourists in Kerala is 16.2 days and we would increase this duration by improving the quality of experience in Kerala.
6. A World Class Cruise Terminal will be set up in Mumbai. Similar opportunities exist with all Southern States. The Cruise & Beach Tourism has immense potential and can considerably enhance the Tourist flows.
7. 180000 more rooms required by end of 12th FYP @ Rs 40 Lakhs average per room. Thus an investment of Rs 72000 crores required. But still full Infrastructure Status not accorded to Hotel Industry. States will need to pitch in along with Government of India to enable Sectoral development.
8. Some adverse aspects pointed out: Bars are not allowed in Tamil Nadu except in hotels with 20 rooms. Also music is not allowed after 10.30 pm. Similarly in Kerala only 4 and 5 Star hotels gets Bar License, dry days on Salary Day i.e. 1st of month. – State Governments urged to take measure to counter these negativities.



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The following are the excerpts from the **Valedictory**:

Hon'ble Minister for Tourism, Government of India, **Mr Subodh Kant Sahai** said, " Tourism has yet to get the highest Political and Economic priority and recognition. Tourism is still not a political agenda of many States. The States must realize that Tourism is a Business Model. At this WTTCII Retreat at Bekal, it is so heartening to see five Southern States present, all of them meaning business and have their future plans ready. In the 12th Five Year Plan, Tourism, is likely to get an outlay, which will be four to five times more than the allocation made in the 11th Five Year Plan. The State's spending, as highlighted by HVS report, Hotel Room supply, Capital Investment and Manpower Requirement by 2012, has to go up for Tourism. We have to make an educative and inspirational film like the one made by WTTC, London. Nineteen Ministries represent in the Inter-Ministerial Committee for Tourism under Principal Secretary to the Prime Minister. The Southern States also has to think along these lines, a Committee under the Chief Minister or the Chief Secretary of the State has to be formed to be able to solve problems through discussion and dialogue. A State Tourism Minister's Conference chaired by the Hon'ble Prime Minister is scheduled and will happen shortly. I congratulate WTTCII for organizing this Retreat with a focused agenda on development of Tourism in the Southern Region."

Mr Anil Kumar, Minister for Tourism, Government of Kerala said, "New tourism policy of Kerala will take tourism of Kerala to the next level. The Seaplane project, which was announced in the Emerging Kerala event, will connect the Backwaters and Arabian Sea to all tourism destinations in Kerala. The average duration of stay for international tourists in Kerala is 16.2 days and we would increase this duration by improving the quality of experience in Kerala. We welcome you as the host State and I congratulate the WTTCII for organizing this Retreat in Bekal Kerala."

The Minister for Tourism, Government of Karnataka, **Mr Anandsingh** said, " We will definitely do something about the connectivity and infrastructure at Hampi. Our endeavor would be to get a bigger outlay for Tourism in the State Budget. Tourism will become very powerful and important department at the State Governments in near future."

Mr RH Khwaja, Secretary, Tourism, Government of India, said, "We have to look at how we can do the do-able. There are two sides happening in India at the same time. There is Incredible India as well as there is Impossible India! We have to see how we can capitalize on the good stories and reduce the impossible side of India. One of the main points that came out in this seminar is that the biggest impediment to Tourism is Aviation. Imagine States are levying ATF taxes ranging from 4 percent to 38 percent. Convergence and Synergy are the two key words. Seamless Travel has been launched between Delhi-Agra-Jaipur covering four Northern States; Why cannot this happen amongst five Southern States? Like Bhutan, who have concentrated on Gross Happiness Index, we should also strive for 'Quality of Experience' for the tourism sector."

WTTC London on this occasion had assisted us with a Sector Study, which, is attached for your reference.

As a follow-up to this Retreat, we aim to identify and take up two key issues with the respective States in the Southern Region, which are currently hampering the prospects of Tourism. We will find a way forward, create actionable points with timelines, through a dialogue at the State Level with the involvement of Stakeholders and overarching guidance from the Ministry of Tourism, Government of India.



16 September 2012

Tourism in India contributes more to GDP than automotive manufacturing

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.

This is according to new research from the World Travel & Tourism Council (WTTC) sponsored by American Express, released today at the 'WTTC's India Initiative Retreat' in Bekal, Kerala, India.

The research, undertaken by Oxford Economics, shows that the sector's direct contribution to India's GDP is INR2 billion which is almost three times more than the contribution of automotive manufacturing.

Travel & Tourism's total contribution – including direct, indirect and induced impacts - to GDP in India was INR6.7 billion around 6.4% of total GDP. This compares to 3.3% for automotive manufacturing, 4.5% for education and 3.7% for the mining industry.

Supporting 39 million direct, indirect and induced jobs in India, Travel & Tourism generates more jobs than the mining industry and communications services.

It also highlights that Travel & Tourism is a significant source of export revenue for India.

In 2011, visitor exports totalled INR950 billion which was 12% of all service exports and 3.9% of all exports.

The study compared the effect of Travel & Tourism spending on GDP and the wider economy.

In India INR55 million (US\$1 million) in Travel & Tourism spending:

- generates INR72 million (US\$1.3 million) in GDP which is greater than the agriculture, automotive and chemicals industry
- generates INR10 million (US\$189,000) of gross value added in agriculture
- generates INR6 million (US\$109,000) in the wholesale and retail sector
- supports 407 jobs, which is more than the average of communication services (381 jobs), financial services (329 jobs), manufacturing (315 jobs) and chemicals (231 jobs).

David Scowsill, President & CEO, WTTC said: "The numbers in this study are really insightful, demonstrating that Travel & Tourism plays a leading role by creating jobs, restoring economic growth and helping to eliminate poverty.

The Indian Government is doing great things in promoting the industry.

Their latest agreement to liberate visa regimes between India and Pakistan is to be applauded. Groups, individual business and leisure travellers will be able to visit more cities and enjoy an easier visa application process. We look forward to similar bi-lateral agreements with other countries to ease the visa process."

Bill Glenn, President Global Corporate Payments and Business Travel, American Express said:

"With each release of regional data from the latest WTTC research, we continue to see the value that travel can bring to GDP, job creation and other economic factors. We are pleased to sponsor this research and provide the industry with another valuable asset to use to promote the benefits of travel."

At WTTC's Global Summit in Tokyo in April, WTTC's research revealed that Travel & Tourism's direct contribution to world GDP at US\$2 trillion or 2.8% is more than double the GDP of automotive manufacturing and one-third larger than the global chemicals industry. Travel & Tourism generates roughly the same GDP as the global education and communications sectors, and about half that of the global banking and financial services industry.

Note to Editors

The World Travel & Tourism Council is the global authority on the economic and social contribution of Travel & Tourism. It promotes sustainable growth for the industry, working with governments and international institutions to create jobs, to drive exports and to generate prosperity. In 2011 Travel & Tourism accounted for 255 million jobs globally. At US\$6.3 trillion (9.1% of GDP) the sector is a key driver for investment and economic growth. For more than 20 years, the World Travel & Tourism Council has been the voice of this industry globally. Members are the Chairs, Presidents and Chief Executives of the world's leading, private sector Travel & Tourism businesses. These Members bring specialist knowledge to guide government policy and decision-making, raising awareness of the importance of the industry as an economic generator of prosperity.

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