

INDIA

The Tourism Imperative

WTTC India Initiative
A Status Paper
August 2001



WORLD
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COUNCIL

WTTC INDIA PROGRAMME
AUGUST 2001 REPORT

THE TOURISM IMPERATIVE

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Introduction

The World Travel & Tourism Council (WTTC) is the global forum for Travel & Tourism with a membership of over 100 of the world's leading industry players^{ANNXI}. Its mission is to progressively generate awareness, especially among policy makers in the government and the private sector, of the economic importance of tourism: as a creator of wealth, business opportunities, income multiplier, and catalyst for employment and preserver of the environment. Its aim is to achieve recognition of Travel & Tourism as one of the world's largest industries and to help countries to address issues that inhibit achievement of its full potential.

In furtherance of this objective, the World Travel & Tourism Council launched the India Initiative in 2000 through a Manifesto, which underlines the enormous opportunity and prosperity for India through Travel & Tourism. The Manifesto^{ANNXII} which was adopted at the 1st Annual Regional Meeting of Founder Members of the WTTC India Initiative^{ANNXIII} forecasts that if, by the year 2010, Indian Travel & Tourism were to generate the same level of employment as the European Union, then a further 25 million jobs would be instantly created. Given India's outstanding wealth of natural reserves and rich cultural heritage, its thriving business community and high levels of entrepreneurship, India can seize this opportunity. However, the opportunity can only be grasped if a fundamentally new approach to tourism development is adopted.

The WTTC Manifesto for India outlined six priority areas, which are in line with the WTTC's global policy framework for Travel & Tourism. These are:

- Championing the interests of one of India's strongest economic growth sectors and employment generators.
- Developing a modern and supportive infrastructure to sustain a modern Indian

economy.

- Removing barriers to growth, stimulating Travel & Tourism growth and assisting liberalization.
- Promoting a responsible industry that is the employer of choice and welcomed by host communities.
- Engendering an economically, culturally and environmentally sustainable industry.
- Making the most of emerging technologies and communications.

In September 2000, at a well-attended conclave of CEOs connected with the tourism industry¹, the Union Minister of Tourism, Mr. Ananth Kumar, declared that a new Tourism Policy for India would be announced within the next 100 days. He also solicited the views of the industry in order that the policy could properly address the manifold problems confronting tourism in India. In response to this invitation, the President of the WTTC, Mr. Jean-Claude Baumgarten, advocated a number of measures of vital necessity in establishing stable foundations for tourism^{ANNXIV}. The suggestions, which needed to be pushed through "with urgency and resolve", included the following:

- Augment airline seat availability
- Simplify visa procedures
- Privatize the existing airports
- Correct India's image
- Open more international airports
- Upgrade basic tourist facilities
- Evolve uniform taxation systems conducive to tourism
- Leverage private sector funds and skills to maintain and market India's heritage
- Market a single ticket for all national heritage sites
- Open up the accommodations sector

The WTTC notes with regret that the Government has yet to announce a formulated Policy on Tourism. It also notes with regret the absence of any positive measures in the resolution

¹ The seminar was organised in Agra on September 14, 2000, by the Confederation of Indian Industry (CII).

of issues outlined in the above-mentioned letter to the Minister of Tourism. The WTTC has, therefore, decided to launch its own status report on tourism in India. This paper is designed to analyze the current status of tourism in India, illustrate India's share our global tourism, compare India with major competitors and identify the roadblocks currently inhibiting growth.

The paper continues by analyzing Indian

tourism in the light of the latest WTTC Tourism Satellite Accounting Research (TSA) 2001 and projections for the year 2011. This period is seen as one of critical importance for tourism in India, since the WTTC TSA identifies India as one of the foremost growth centers in the world in the coming decade. The paper goes on to identify India's comparative advantage in the global scenario and suggests measures that can maximize the growth of Travel & Tourism in the country.



Tourism in India: The Traditional Approach



Two universally accepted yardsticks have traditionally been used to measure the tourism index in any country or region: International Tourist Arrivals and International Tourism Receipts. The World Tourism Organization, for example, forecasts that, while Europe and the Americas are today the world's foremost tourism destinations, commanding over 77% of the global market, their respective share in the total travel trade shows a declining trend. A gradual transformation of tourism preference is increasingly bringing East Asia/Pacific, the Middle East and South Asia into destination focus. Historical data shows that, in 2000, East Asia/Pacific experienced the highest growth of 16% of the world market followed by the Middle East and South Asia with tourist arrivals growing by 10.2% and 9% respectively (See Table 1).

In terms of international receipts, the World Travel Organization estimates a figure of US\$ 476 billion in 2000, an increase of 4.5% over the previous year. Significantly, growth rates in the Middle East and South Asia were the highest even though the U.S.A. and Europe remained the top tourism earners as

befitting their position at the head of the world's leading tourist destinations. Significantly, however, growth rates in earnings were the highest in the Middle East and South Asia suggesting the immense potential of these regions in the coming decades (See Table 2).

The earnings from tourism make it one of the biggest industries in the world. By 1999, international tourism receipts exceeded US\$ 1 billion in 59 countries with the United States topping the earnings with US\$ 74.9 billion. While Spain, France and Italy made around US\$ 30 billion each, the United Kingdom earned US\$ 20 billion and Germany, China, Austria and Canada registered US\$ 10 billion each. Hong Kong (China), Thailand and Singapore were close behind.

The most significant finding of virtually every organization connected with tourism and aviation² is that the focus of Travel & Tourism is gradually but deliberately shifting from Europe and North America to East/South Asia and the Pacific. This shift is clearly discernable in the historic rates of growth in the different regions with East Asia/Pacific, Middle East and South

TABLE 1
INTERNATIONAL TOURIST ARRIVALS (1999-2000)

	(Million)		Growth rate (%)		Market share (%)	
	1999	2000*	1999/1998	2000*/1999	1999	2000*
WORLD	650.0	698.3	3.8	7.4	100	100
AFRICA	26.5	26.9	6.1	1.5	4.1	3.8
AMERICAS	122.3	130.2	2.3	6.5	18.8	18.6
EAST ASIA/PACIFIC	97.6	111.7	10.8	14.5	15.0	16.0
EUROPE	379.8	403.3	1.7	6.2	58.4	57.8
MIDDLE EAST	18.1	20.0	18.1	10.2	2.8	2.9
SOUTH ASIA	5.8	6.3	10.7	9.0	0.9	0.9

Source: World Tourism Organization (WTO)

*As collected from WTO database in January 2001

² The International Civil Aviation Organization (ICAO), Pacific Asia Travel Association (PATA), World Tourism Organization (WTO) to name a few.

Asia recording almost twice the growth in the Americas and Europe.

The WTTC Tourism Satellite Account 2001, confirms this phenomenon and has projected data of far reaching implications for Indian tourism in the coming decade.

We start our analysis by taking note of India's current status in tourism arrivals/earnings (See Table 3).

The following constitute important elements in the tourism profile:

- The main source markets for India are United Kingdom and the United States, followed by Sri Lanka, France, Germany, Canada, Japan, Australia, and Singapore.
- Tourists in the age group of 35-44 years constituted 27.5% of total arrivals during 1999 followed by those in the age group of 25-35 years (23.4 %) and 45-54 years (20.8%). The majority of the visitors to India were, therefore, in the younger age brackets.
- Male tourists far exceeded the female arrivals and accounted for 69.5% of the total tourist arrivals during 1999.



TABLE 2
INTERNATIONAL TOURISM RECEIPTS (1999-2000)

	(US\$ billion)		Growth rate (%)		Market share (%)	Receipt per Arrival 1999 (US\$)
	1999	2000*	1999/1998	2000*/1999		
WORLD	455.5	475.9	2.7	4.5	100	700
AFRICA	10.2		3.4		2.2	385
AMERICAS	122.4		4.4		26.9	1000
EAST ASIA/PACIFIC	74.3		5.2		16.3	760
EUROPE	234.2		0.6		51.4	615
MIDDLE EAST	9.7		12.2		2.1	535
SOUTH ASIA	4.6		8.3		1.0	800

Source: World Tourism Organization (WTO)

*As collected in WTO database January 2001

TABLE 3
INTERNATIONAL/NATIONAL TOURIST ARRIVALS

International tourist arrivals to India³ have grown by fits and starts during the last decade to reach a figure of 2.6 million by 2000.

Year	Tourist Arrivals (India)	Tourist Arrivals (World) in Million	Percentage share of India
1994	1,886,433	550.3	0.34
1995	2,123,683	565.4	0.38
1996	2,287,860	597.4	0.38
1997	2,374,094	618.2	0.38
1998	2,358,629	626.7	0.38
1999	2,481,928	650.0	0.38
2000	2,641,157	698.3	0.38

³ Figures in this Section have been taken from India Tourist Statistics, 1999, issued by the Market Research Division, Department of Tourism, Government of India.

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- Delhi and Mumbai were the main international ports of entry and accounted for 72.1% of tourist disembarkation. The Southern Indian airports of Chennai, Hyderabad, Trivandrum, Cochin and Bangalore were also points of demand, and could take future loads of international traffic.
- A significant percentage of overseas visitors to India are repeat visitors (44.9%) and, of these, 32.6% had visited India at least twice in the past.
- About 35.4% of tourists visited India in combination with other countries in the Asian

region. The major neighboring countries, which are combined with a visit to India, are Nepal, Thailand, Hong Kong and Singapore.

India's arrival figures have kept pace with the global average but have been outstripped by competition from China, Hong Kong (China), Thailand, Dubai, and the Maldives. India's share in world tourism arrivals (0.38%) has also remained virtually stagnant over the last decade (See Table 4).

TABLE 4
INTERNATIONAL TOURIST ARRIVALS⁴

	1990	1995	1997	1998	1999	% Growth 1999/1990
WORLD	457,217	565,385	618,2	626,7	650,00	5.03
CHINA	10,484	20,034	23,770	25,073	27,047	17.5
HONG KONG	6,581	10,200	10,406	9,575	11,328	8.0
DUBAI	633	1,601	1,792	2,184	2,481	32.4
MALDIVES	195	315	366	396	430	13.3
THAILAND	5,299	6,952	7,294	7,843	8,651	7.02
INDIA	1,707	2,124	2,374	2,359	2,482	5.04

TABLE 5
INDIA: TOURISM RECEIPTS⁵

In terms of tourism receipts, India has scored above the global average and is clearly the leader in the region. The buoyancy in the tourism earnings are largely on account of shopping, and the consolidation of traditional items of handicraft along with the new demand for gems and jewelry, especially diamonds, has put considerable weight in the Indian market.

(In US\$ millions)

	1990	1995	1997	1998	1999
WORLD	263,647	405,904	439,677	443,000	453,200
CHINA	2,218	8,733	12,074	12,602	14,098
HONG KONG	5,032	9,604	9,242	7,083	7,210
DUBAI	169	389	535	562	607
SINGAPORE	4,937	8,390	6,073	5,402	5,974
THAILAND	4,326	7,664	7,084	5,934	6,695
INDIA	1,513	2,609	2,913	2,935	3,036

⁴ Market Research Division, Department of Tourism, Govt. of India.

⁵ Market Research Division, Department of Tourism, Govt. of India.

The Nature of Indian Tourism

- India has been a late starter in tourism. Understandably, after Independence in 1947, the attention of the Government and people was focused on key areas like agriculture, irrigation, industry, power and the infrastructure. Education, literacy, health care and social reform occupied centre stage in government and political thinking and the so-called “luxury” activities like tourism were left to their own devices. Tourism thus grew on its own and, from 15,000 tourists in 1950, reached a figure of 2.64 million arrivals in the year 2000.
- Unfortunately, even today tourism is nowhere on the list of national priorities. Though there is a Central Ministry of Tourism, its functions are limited to the marketing of India overseas and providing meager financial support to State Governments for the creation of tourism facilities. Most of the important issues relating to tourism are decided elsewhere. The Ministry of Civil Aviation controls aviation policies as well as the administration of airports; the Ministries of Home Affairs/External Affairs decide the visa regime; the Ministry of Finance supervises the fiscal policy for investments in the tourism sector and also determines the all important taxation regime. In reality, however, the most important player for tourism is the State Government within which are located the tourist destinations, the local infrastructure, the transport mechanism, hygiene and sanitation, state taxation, land policy and law and order.
- States differ widely in their attitude towards tourism. Even though almost every state recognizes the value of tourism, few implement the policy prescriptions for the growth of healthy tourism. Tourism development, therefore, varies widely from State to State and, in recent years, States like Kerala, Rajasthan and Goa have emerged as front-runners in this field. It is a sad commentary that States endowed with historical and natural beauty such as Uttar Pradesh, Bihar (the Buddhist Circuit), Madhya Pradesh (Forest & Wild Life), Karnataka, Orissa, Andhra Pradesh, Uttaranchal and Himachal Pradesh have not fully exploited their rich tourism potential. Obviously, State priorities and programs have to be radically altered if tourism is to develop in these otherwise well endowed regions.
- The flow of overseas visitors to India is extremely “elastic” to calamitous events on the sub-continent or elsewhere. The Gulf war, Bombay bomb-blasts, the “plague” scare, the Kargil war or the Gujarat earthquake all have a negative impact on foreign traffic. Since, in the past, the Indian tourism industry was not cushioned against such fluctuation, a fall in overseas arrivals greatly affected business. This accounts for the overwhelming tilt in favor of foreign tourists in the thinking and marketing of Indian tourism.
- India is a long haul destination with aviation as the sole link for tourism. The links by road, rail or sea are cumbersome if not non-existent. A visitor coming to India, therefore, has to plan his journey well in advance and with the determined purpose of coming just to India rather than with a multi-destination approach. This has important implications not only for the aviation and visa policies of Government but also the strategy for the promotion of Indian destinations.
- Tourism to India is seasonal with great variation because of the climatic conditions on the sub-continent. Not unnaturally, most tourists prefer to come to India during the cooler period extending from mid-October to March. Tourist arrivals are usually heaviest in December and January, since these coincide with the holiday season in the major source markets of Europe and America. The summer months of April, May and June comprise the lax tourist season.
- A striking feature of Indian tourism is the average



length of stay of foreign tourists in the country. The estimated average length of stay for tourists in 1998 was 31.2 days. This figure is certainly extraordinary when you compare it to international standards. The long length of stay indicates the character of the average visitor as a

serious minded and studious explorer of history and culture. Since however, the over 63.3 million tourist days do not find reflection in corresponding hotel room nights there is the possibility of extended stay by foreigners of Indian origin visiting friends and relatives.

AVERAGE LENGTH OF STAY IN THE COUNTRY⁶ (1998)

COUNTRY	DAYS
India	31.2
Canada	5.22
Brazil	13.00
France	7.31
Hong Kong/China	3.38
Japan	8.80
Malaysia	5.50
Singapore (1997)	2.60
Spain	12.9
Thailand	8.4

⁶ Compendium of Tourism Statistics: World Tourism Organization.

Indian Tourism: The Hidden Dimension



Policy makers, industry representatives as well as opinion makers in India have always equated tourism with foreign visitors. There are two principle reasons for this. First, it was traditionally the foreign visitor who occupied hotel accommodation, filled the airline seats, frequented the bars and restaurants and used the recreation adventure facilities like the beaches, the mountains and recreation resorts. Second, in the early days of tourism, foreign exchange was in short supply and the tourist was seen as the purveyor of unlimited money supply. Every aspect of Indian tourism, therefore, was arranged to suit the requirements of the foreign visitor, be it accommodation, transport, recreation or shopping. Not unnaturally also, the price mechanism came to be tied to overseas costs - accommodation, food, beverages, liquor in hotels/restaurants, and even handicraft, reached exorbitant levels of pricing quite at variance with the average standards in the country.

There is, however, a hidden dimension to Indian tourism, one that has figured little in the policy planning or thinking of most Government/industry players. This has been the almost unobtrusive and yet inexorable rise of domestic tourism in the Indian paradigm. In the last ten years alone domestic tourism has increased by more than 100 million travelers, up from 63.8 million visitors in 1990 to 176 million visitors in 1999.

DOMESTIC VISITS	
YEAR	DOMESTIC
1990	63,817,285
1991	85,864,892
1992	102,465,705
1993	109,237,566
1994	127,116,655
1995	136,643,600
1996	140,119,672
1997	159,877,008
1998	168,196,000
1999	176,082,442

Market Research Division, Department of Tourism,
Government of India

This phenomenal explosion of domestic tourism is an inevitable by-product of economic development in the country. As people acquire more disposable income, the demand for Travel & Tourism grows exponentially. This is because of the well-recognized axiom that travel is the first priority of an income earner after the basic requirements of home, food and essentials.

Domestic tourism in India is also fueled by a number of other factors:

- India is home to many of the leading religions of the world: Hinduism, Buddhism, Jainism, and Sikhism. It is also home to sizeable followers of Islam and Christianity. Important pilgrim sites of different religions are scattered throughout the country and Indians from different States travel vast distances to perform pilgrim duties at the shrines. The States of Uttar Pradesh, Andhra Pradesh, Tamil Nadu, Karnataka, Bihar, Maharashtra, Rajasthan, Jammu & Kashmir, West Bengal and Himachal Pradesh attract visitors in millions^{ANNXXV}. Significantly, located in these States, are the great religious places of pilgrimage: Badri Nath, Kedar Nath, Vaishno Devi, Bodh-Gaya, Tirupati, Rameshwaram, the Golden Temple, Jagannath Puri, Mount Abu and countless others. An event of note is that the Kumbh Mela, occurring once in twelve years, attracted more than 68 million visitors in 2000 to Allahabad, making it the largest international event other than the Haj.
- The average Indian is also an avid sightseer and can travel thousands of miles to different environments. Gujerat and Bengal head this list but Tamil Nadu, Karnataka and Andhra Pradesh are not far behind. A significant pointer to this is travel during the summer months, a time when most foreigners avoid India. This is the period when agrarian activity is at low ebb and also when schools and colleges are closed. Despite the stifling heat and



discomfort, this is the peak travel time for domestic tourism as borne out by figures of air/train/road transport. The rich, of course, travel overseas and the spiraling record of Indian overseas visitors tell yet another story. The bulk of the affluent middle class, however, flock to the tourist stations of the Himalayas and test the fragile carrying capacity of these resorts to the maximum. Even in winter the Indian traveler is on the move, this time targeting seaside resorts, forest sanctuaries, desert safaris and historical monuments for special attention.

- Increasingly a large number of Indians are using domestic travel for promoting business in different parts of the country. While industry and the service sector provides the major bulk of business travelers, agriculture is also fuelling travel demand, especially during the off-season summer months.
- Hitherto, domestic tourism was confined to the lower spectrum of spending and so did not figure in hotel or restaurant receipts – as also the policy maker's focus. As earnings go up, however,

domestic demand will increasingly shift to the more expensive range.

- A visit to most hotels/restaurants in India even today reveals the large percentage of Indians as consumers of the available supply. Increasingly Indians are outnumbering foreigners in the airlines, trains, tourist resorts, hotels and restaurants. Already the figures of Indian Nationals going abroad, 3.8 million in 1999, far exceeds visitor traffic to the country. It is natural, therefore, to assume that, in the coming years, domestic tourist demand will increasingly shift to the more expensive range and become the primary consumer of the tourism product.
- The compelling contribution of domestic Travel & Tourism also reveals itself in the findings of the World Travel & Tourism Council's Tourism Satellite Account 2001, and has the most far-reaching implications for the Indian economy in the coming decade.

The Role of the Government

It is a common knowledge that tourism in India has grown not because of any State intervention but, on the contrary, in spite of it. This is the almost unanimous view of all industry leaders in the Travel & Tourism business, the different Chambers of Commerce⁷ the media and, most importantly, even the Committees appointed by the Government⁸ to examine tourism.

As mentioned earlier, tourism has had no patron even in the Constitution of India since it is listed neither as a Central nor a State subject. Compelling evidence of its low priority in Government thinking is the virtual absence of capital investment in tourism by the Government ever since the inception of the Development Plans. The figures given in Tables 6 and 7 are relevant.

For the first ten years of India's Five Year Plans there is no mention of tourism among the sectors of economic priority or, indeed, any financial allocations for it. Even in subsequent years

investment in tourism has averaged .16% of the total national outlay, in some years dipping to as low as .11%.

Our examination of the expenditure on tourism^{ANNX XI}, such as it is, reveals that, of the minuscule budget, only 21% is devoted to the all important tourist infrastructure. The bulk of the money is spent on overseas/domestic campaign, subsidies, training and services.

The WTTC Tourism Satellite Accounting for the year 2001 ranks India 153rd out of the 160 countries in terms of Government expenditure, which it estimates as .9% of the total (including expenditure at airports, tourism services, airlines and transport). Comparative figures from other countries is given in^{ANNX XII}

The low or almost negligible priority accorded to tourism by the policy makers in India will have serious repercussions on the progress of one of



TABLE 6

Five Year Plans	Tourism (Rs. in Crore)	Percentage of total Plan outlay
FIRST PLAN (1951-1956)	Not mentioned	–
SECOND PLAN (1956-1961)	Not mentioned	–
THIRD PLAN (1961-1966)	4.001 (approx)	0.11
FOURTH PLAN (1969-1974)	25.00	0.30
FIFTH PLAN (1974-1977)	23.62	0.121
SIXTH PLAN (1980-1985)	72.00	0.15
SEVENTH PLAN (1985-1990)	138.68	0.15
EIGHTH PLAN (1992-1997)	272.00	0.11

⁷ The following Chambers have prepared submissions on tourism:

- > The Federation of Indian Chambers of Commerce and Industry (FICCI), January 2000.
- > Confederation of Indian Industry (CII), September 2000.
- > The Associated Chambers of Commerce and Industry of India (ASSOCHAM), November 2000.

⁸ Planning Commission of India – Report of the National Committee on Tourism (1988).

India's most powerful engines of economic growth. Unless the priority for tourism is redefined in the National Plan, accompanied by necessary investments in tourism related areas matching those of India's major competitors, tourism development will continue to be severely handicapped.

- We have already referred to the non-existent National Tourism Policy promised to the industry gathering by the Union Tourism Minister at Agra in September 2000. We would only like to say that such solemn assurances, given at the highest level in the Administration, need to be honored if the Government is to be believed about its commitment.
- Government's past record in implementing tourism related measures hardly inspire confidence. Government had appointed a National Committee on Tourism, which submitted its Report in 1988. The committee comprised all leaders of the industry and had the fullest backing of the Ministry of Tourism. The report of the committee is comprehensive but few, if any, of its recommendations have been implemented. We can do no better than to quote the present Secretary, Ministry of Tourism, Mr. M.P. Bezbaruah⁹ in his telling comments on the non-implementation of the report:

"A National Committee on Tourism which was constituted soon after, submitted its report in

Annual Plans	Tourism (Rs. in Crore)	Percentage of Total Plan Outlay
1990-1991	83.00	0.21
1991-1992	90.00	0.21
1992-1993	81.00	0.17
1993-1994	87.20	0.14
1994-1995	103.51	0.13
1995-1996	102.70	0.13
1996-1997	130.00	0.17
1997-1998	180.35	0.20

Source: Five Year Plan documents – Planning Commission of India.

1988. It is perhaps one of the most comprehensive reports on tourism development in India. Sadly, it is also a Report which has been least acted upon. Many of the observations and recommendations contained in the Report have by now flowered into piecemeal policy actions but over the period no comprehensive and conscious efforts to tackle the issues raised are evident.

The preface to the Report of the National Committee on Tourism quotes Nehru's perception about the role of tourism in international understanding. The Report thus carries forward the underlying thread of 1982 Policy. The Report had a vision for the future and the preface itself clearly outlines the fundamental issue: "the need for a national consensus on the role and level of tourism development in the country". After 10 years of the presentation this Report, as the country prepares to move into the new millennium, such a consensus is yet to emerge as an operations agenda for the government.

The Report covers all the important issues relating to the role of tourism, the need for infrastructure development, strategy of development, etc. The National Committee also made a large number of recommendations, some of which were for immediate operation, and the rest requiring long-term policy decisions. Most of these recommendations require a comprehensive action programme. Some of the crucial recommendations in the Report which are still being debated are:

1. *The need for re-arranging the existing organizational structure of Department of Tourism and the need for an apex body called the National Tourism Board.*
2. *The setting up of a Standing Committee of Tourism Ministers for an integrated approach to tourism development and also to effectively associate the State Governments.*
3. *To ensure implementation of the recommendations*

⁹M.P. Bezbaruah: 'India Tourism: Beyond the Millenium'.

as a National Policy needs to be evolved, supported by a comprehensive legislation.

4. *Tourism Plans to be integrated into overall plans of the country and into Area Development Plans.*

These recommendations are fundamental to any substantial tourism development strategy for the country. In a country which has such tremendous potentials for tourism development, the fact that these far-reaching recommendations are still being discussed and debated is not a happy reflection of national consensus. Ten years after they were put forward to the government, many of the recommendations are yet to be implemented."

- Most often, in bureaucratic thinking, tourism is somehow seen as an elitist activity set in the background of five star hotels, recreation and pleasure. The other implications of tourism for foreign exchange earnings, income addition, community growth, infrastructure improvement, environment preservation and employment generation are totally lost. The result is that both Central and State governments see tourism as a milking cow, which can be flogged mercilessly. State after State has levied crippling taxes on accommodation, restaurants, catering, liquor and transport. Tamil Nadu, one of the largest beneficiaries of domestic tourism, charges 40% tax on accommodation, leviable at the published and not the actual rate. Transport taxes in Karnataka and Andhra Pradesh are extraordinarily high, while the excise policy in Rajasthan and elsewhere makes liquor cost 350% above its normal price.
- The land policy in almost all States ensures that the construction of a hotel or tourist accommodation is virtually treated as a crime. In some States, as many as 48 clearances are required for the construction and operation of a hotel. Apart from land usage, permission is required for environmental clearance, water connection, and electricity and waste disposal. This is in addition to the fact that current land policy has made sites for hotels and tourist accommodation among the most expensive in the world.

- To protect its coastal areas, India has enacted the Coastal Regulation Zone Act, which instead of protecting the environment has become one of the biggest stumbling blocks to the development of seaside resorts. Horror stories abound of project delays running into many years because of litigation over the Coastal Regulation Zone and its interpretation.

- The visa regime followed by the Government is based on the principles of reciprocity rather than tourism promotion. According to informed sources in the Administration, India's security requirements dictate rigid emigration control even at the cost of putting genuine tourists to considerable harassment.

We would like to point out that countries with similar security perceptions have nevertheless relaxed their visa regimes to permit tourists from major source markets to obtain visas on arrival. India can surely follow suit.

The WTTC would like to categorically assert that there must be a fundamental change in government's attitude towards the development of the accommodation sector. Government must stand forth as a facilitator, not a regulator or a roadblock. The tourism infrastructure has to rapidly grow to keep pace with demand. Unless government recognizes and accelerates this process its role will continue to be negative.

In this context the World Travel & Tourism Council welcomes the focus given to tourism in the Mid-Term Appraisal of Ninth Five Year Plan (1997-2002). The Planning Commission has incorporated many of the suggestions made by the World Travel & Tourism Council and observed that "in India, however, the (tourism) sector has failed to receive due importance on the country's development agenda."

For the first time, a major policy document of the Government of India has devoted a full chapter to tourism, highlighting its importance, detailing past policies, corrective measures necessary and action points for development. We hope the observations in the Mid-Term Appraisal will translate into necessary financial investment and all round awareness of the importance of tourism.



WTTC Tourism Satellite Account, 2001-11

The Global Picture



Unlike the traditional two-dimensional measure of tourism in numbers of foreign tourist arrivals and foreign exchange earnings, the WTTC Tourism Satellite Accounting Research looks at tourism in all its multi-dimensional contribution to the economy. This is evaluated in terms of share in personal and business consumption, government expenditure in the sector, capital investment in tourism, total demand for Travel & Tourism, share in the GDP and employment generated, both in the industry as well as in the economy. ^{ANNXVI}

We will first look at the global figures.

According to the WTTC Tourism Satellite Account ^{ANNXVII} world Travel & Tourism is expected to generate US\$ 4494.5 billion of economic activity (total demand) in the year 2001 growing to US\$ 9285.9 billion by 2011. While last year's growth totaled 5.9%, Travel & Tourism economic activity is projected to grow by 4% per

annum, in real times, between 2001-2011.

The Travel & Tourism industry is expected to contribute US\$ 1381.5 billion to Gross Domestic Product rising to US\$ 2654.4 billion by 2011. This represents 4.2% of the total. In terms of the Travel & Tourism economy, this should grow from 10.7% to 11.0% of the total global economy in the same period.

In 2001, Travel & Tourism economy employment is estimated at 207.1 million jobs or 8.2% of total employment, which is 1 in every 12.2 jobs. By 2011, this should grow to 260.4 million jobs, 9.0% of total employment or 1 in every 11.1 jobs. The 78.2 million Travel & Tourism industry jobs account for 3.1% of total employment in 2001 and are forecasts to rise to 99.3 million jobs or 3.4% of the total by 2011. Travel & Tourism is expected to generate 12.9% of total exports (US\$ 1063.8 billion) in 2001, growing to US\$ 2583.3 billion (12.5% of total) in 2011.

TSA Research: India (2001-11)

The Economic Imperative

The WTTC/Oxford Economic Forecasting Tourism Satellite Accounting Research^{ANNXVIII} for India reveals telling estimates and forecasts for Indian tourism.

The TSA measures tourism's share in the national economy by quantifying the overall demand for Travel & Tourism through national accounts' statistics. The demand is seen as the share of Travel & Tourism in total personal, business and government consumption. To this are added figures of visitor export or earnings from foreign tourism and capital investments in the sector.

The demand for Travel & Tourism, like the demand for any commodity-say food grain or housing or clothing-has to be satisfied by matching supply. Just as short supply of food grain in the face of high demand would result in grave distortion, runaway prices, malnutrition or even starvation, so also failure to measure up to the tourism demand would lead to overcrowding of existing facilities, despoliation of the environment, shortages in basic infrastructure, driving away of foreign visitors and excessive outgo of domestic traffic from the country. Our analysis of Indian tourism has to be viewed in this light.

Since the onset of liberalization in 1991, there are sweeping changes that are taking place in India at the macro-economic level. The process of structural adjustments has brought about changes in the Indian economy at a rapid pace. Tourism policy has strong linkages between macro-economic changes and socio-political grounding. The national tourism outlook thus needs to evolve in line with the open tenor of macro-economic policy.

Tourism is the second largest contributor of foreign exchange to the Indian economy. Although tourism is a net earner of foreign exchange for the country today, the growth of outbound tourism arising out of increased per capita income could provide a different picture in the future. This can only be checked by the implementation of a sustained policy

for pushing up foreign tourist arrivals. The only way to counter the threat of outbound tourism is to develop and promote tourism within the country and to make India internationally competitive as a destination. The potential of tourism's contribution to the economy is more than what is currently realized. There is no reason why tourism should not become the largest industry in India, given the breathtaking range of tourist products in the country.

➤ According to estimates of personal consumption, Indians spend an average of US\$ 12.60 on Travel & Tourism which represents 4.5% of total personal spending in 2001. This has risen from a mere 2.25% in 1988, and is projected to grow to 5.75% of total spending in 2011. Seen in the global context, this is only slightly more than half of the world average of over 10% in 2001. There is thus even greater room for Travel & Tourism spending in the ^{future}ANNX IX

Because of the sheer size of numbers, however, even this small change in personal consumption positions India as the second fastest growth country in this category with personal Travel & Tourism projected to grow at 9.7% annually over the next decade.

This is primarily a reflection of rapid economic growth in the economy expected as the Indian economy catches up some of the gap with more advanced economies. There is also huge scope for increased spending on Travel & Tourism as real incomes rise. Even the growth we are projecting is only sufficient to raise India from 124th out of 160 countries in terms of share of Travel & Tourism industry in GDP to 111th in 2011.

Even so, the implications of this annualized growth are enormous. First it suggests that personal Travel & Tourism is of high priority in Indians' personal consumption list. We have earlier referred to this in our analysis of trends in



domestic tourism. As the Indian economy grows and generates ever-larger surpluses from agriculture, industry and business, total tourism demand will expand exponentially.

This level of growth will require Government and industry to totally alter its vision of, and the priority it ascribes to, the Travel & Tourism sector. Tourism is no longer an elitist activity confined only to the rich or the foreign visitor. It is an imperative that requires immediate attention on a number of pressing fronts.

- The domestic demand reinforces the need for massive investment in tourism infrastructure to cater to both foreign and local tourism. The areas of increased investment by the State are roads, highways, the railway network, airports, aircraft (including helicopters), marinas, tourist vehicles, tourist information network and public utilities.
- Scientific planning and investment are necessary for the development of tourist resorts, business/entertainment centers, adventure/wildlife camps and places of historic interest which boast international standards of cleanliness, hygiene and amenities. We would like to point out that lack of attention in this area has resulted in the totally unplanned despoliation of India's famous hill resorts that continue to suffer from unchecked tourist influx during the summer months. Unless planning and investment is made right away, India's as yet untouched beach resorts, forest sanctuaries, adventure sites and historical centers will suffer irreparable damage.
- The burgeoning domestic demand needs to be satisfied by facilities matching international standards in price and quality. This is necessary as much to keep the domestic demand at home as to entice foreign tourists coming to India. The travel demand by tourists must be matched with adequate facilities in utilities, parks, museums, sanctuaries, adventure camps, entertainment centers and resort areas that are designed, developed and planned to cater to tourists, both foreign and domestic.
- The private sector must also be properly positioned to anticipate this demand and plan its hotel and resort development, aircraft purchases, rolling stock, coach and other facilities and equipment. Also important for the private sector will be the training and education for the new employees this level of growth will require.
- The tourism infrastructure dictated by the domestic demand would also serve to attract foreign visitors. And, in order to make India internationally attractive, changes are necessary in the visa regime, aviation and taxation policies and marketing initiatives.
- Business Travel & Tourism in India is similarly positioned to grow over the coming decade. Like personal Travel & Tourism, this business travel growth suggests another set of policy implications for India. Because business travel has its unique characteristics of higher spending, more services required, higher expectations, world class standards, telecommunications, efficient and convenient travel schedules and more, the public sector must assess this growth and properly plan its own services and policies to serve this growing segment. Again, the policies range from infrastructure development, to telecommunications, to education and training, to meetings and convention marketing.
- Perhaps one of the most important pieces of information from the WTTC / Oxford TSA research for India is the relative level of government expenditures dedicated to Travel & Tourism in 2001 (0.9% of total government spending). This level of spending positions India as 153rd out of 160 countries in relative expenditure. China spends 10 times as much today and is forecasted to spend 15 times more by 2011. All of India's neighboring competitors invest much more on tourism: Malaysia (5.1%), Nepal (5%), China (3.8%), Mauritius (17.1%), Maldives (15.7%), Indonesia (8.4%), and Egypt (6.5%).
- The gap between current spending and the world average is quite significant and raises an enormous concern for the future. Government expenditure is obviously lagging. In a period of high demand growth, the government should renew its focus on Travel & Tourism services in order to secure the future for industry growth. Failure to do so might negate the

potential for future growth and job creation.

- Another significant area of concern is the impact of visitor traffic on local environment and the ecology. We have already referred to the unplanned tourism growth in the hill resorts where visitors have far exceeded carrying capacity. The requirements have also been hinted at above and concern infrastructure, education and training, and proper tourism planning. The policy requirements for international visitors are more complex. International visitors are seeking an experience, which is new, unique, specific and different than their normal environment. On the other hand these same visitors expect the comfort and familiarity of Travel & Tourism in India that they get at home. This is a delicate balance to achieve, but India must work to assure that the promise of foreign visitor travel to India is fulfilled.

- Although India's current ranking in travel & tourism demand^{annx x} is number 124 of 160 countries, it's outlook for growth exceeds all other countries, again because of the sheer size of numbers involved. The WTTC/OEF projection of India's growth depends, however, on Government's commitment to the industry, the effective implementation of a time bound action program and an all round awareness of the economic benefits which tourism can bring.
- India's Travel & Tourism relative share of total employment at 2.9% is extremely low relative to other nations. There is great potential for creating an enormous number of new jobs through Travel & Tourism. A more normalized level of Travel & Tourism employment, say 10%, would suggest that India has the potential to more than triple its Travel & Tourism jobs to some 40 million jobs.



India's Comparative Advantage



In the setting of contemporary Travel & Tourism, India has a number of natural comparative advantages, which it can effectively utilize to maximize the flow of foreign visitors. We would like to mention them below:

- One of the almost mystical attractions of India is its ancient civilization and culture, with a history going back well over 5000 years. India is, like Egypt and China, one of the earliest cradles of civilization, and certainly the fountainhead of religion and philosophy. Karl Marx called it "the source of our languages, our religions¹⁰." In the modern world of great material advancement and its attendant tensions, India has much to offer by way of spiritual and mental rejuvenation. Thus philosophy, meditation, yoga, physical and mental healing and contact with ancient traditions and systems make India an outstandingly attractive destination.
- There are other attributes as well- the world's highest mountains, miles of coastline with excellent beaches, superb tropical forests and wild-life, desert safari, lagoon backwaters, ancient monuments, forts and palaces, adventure tourism and, of course, the Taj Mahal. We feel, however, that the main pull of India is its mysticism and history and that it will always hold a special fascination for the serious minded rather than the luxury or leisure traveler.
- India is geographically located virtually midway between Europe and the Far East, Europe and South East Asia /Australia. Almost all international flights have, of necessity, to over-fly India. If strategically, India could equip one or more of its international airports with the very best of transit facilities, travelers could be induced to break journey in India thereby facilitating visitor export. With proper investment and management, the New Delhi International Airport, which today ranks among the worst in the world, could be converted into a modern State- Of- The- Art airport, with luxury lounges, visas on arrival, hotels and restaurants, extended shopping, sports and entertainment facilities, and super fast transit corridors to Agra/ Jaipur. It has also to be open to traffic by all airlines. We would like to offer the new Hong Kong airport as an example of what can be done given the right will and determination.
- There is one category of visitor for which India can have no competition. This is the foreign citizen of Indian origin for whom India will always have a special attraction. We have commented earlier on the long period of average stay by foreign tourists in India and felt that this may be related to overseas Indians visiting friends and relatives. We feel that this category of visitor should be more intensively targeted in the Indian tourism campaign. The discovery of ones roots is always a sound travel argument and should be used to telling advantage for India.
- Compared to many other countries with space constraints, India still has large "green field" areas that can be converted to tourism usage. The 1992 Tourism Action Plan had identified such Special Tourism Areas for accelerated development but, unfortunately, little or no progress has been made since. There is still great scope for developing virgin places like, for example, Sindhu Durg and Bekal as integrated beach resorts capable of providing world-class tourism facilities.
- In the world of nature and environment, India possesses some of the finest tropical forests in the

¹⁰ *Karl Marx: "The Future Results of British Rule in India"

world. Though there has been wide spread decimation of wild life in many of the reserved forests, there are still sanctuaries which can be developed to international standards capable of attracting high value tourists from all over the world. These forests are located in Uttaranchal, Madhya Pradesh, Karnataka, Orissa, Kerala and Rajasthan. Unfortunately,

the forest administration does not have a friendly attitude towards tourism and thereby misses out on one of the strongest protectors of forest and wild life. This is a great experimental area which, if developed properly, could yield immense benefits for both tourism as well as environment preservation.



Conclusions and Recommendations



At the start of this paper we had mentioned that the objective of the World Travel & Tourism Council was to create awareness among decision-makers of the economic imperatives of tourism. We trust our findings on India reveal the enormous possibilities that tourism holds for the country's economy. However, while the WTTC can give recommendations on indicative policies, it is their implementation, which really matters. Our recommendations should be viewed in this light.

- India will have to radically alter the administrative mechanism responsible for formulating and implementing tourism policy. The existing system, where the Ministry of Tourism serves only for fire fighting while real decisions effecting tourism are taken elsewhere, cannot serve a country poised on the brink of rapid expansion. There have been any numbers of suggestions in the past for such reorganization of the tourism organization. While we have no special preferences in this regard, the WTTC strongly feels that, in the decision making process on tourism, the highest political office in the land needs to be involved in order to provide effective control and guidance to India's most dynamic growth sector. This is all the more important since multifarious decisions, cutting across different Ministries, need to be taken for maximizing results. This will help to give tourism the correct perspective in terms of national priority and investment.
- The compulsions of foreign arrivals as well as burgeoning domestic demand requires India to rapidly change its thinking and outlook on tourism. From the abysmally low priority it has today, tourism has to be accorded the status of India's top economic driver. This, in turn, has to translate into effective policies for investment as well as taxation.
- Whole chapter and verse have been written on India's dismal aviation system – the failure of the

national carriers, abysmal conditions of international airports, the negative bilateral policies towards foreign carriers and the inability to diversify traffic to regional destinations. Since almost 97% of tourism to India depend on aviation links, this has to be the natural starting point for any radical tourism overhaul.

- Delhi, Mumbai, Chennai and Bangalore airports should be converted to state-of-the-art international airports with good air connections to major tourist destinations.
- The privatization of the national carriers should be pushed through with urgency in order that more seats are available for travel, tourism and business.
- Bilateral aviation policies must be liberalized to permit more airline seats serving not only Mumbai and Delhi but also the regional tourism destinations.
- All existing airports need complete renovation to make them passenger friendly with appropriate links to hotels, railways, shopping, recreation, inter-city travel and tourist information.
- India's visa regime is designed to put off the most determined traveler. Intending visitors from important markets have to go to distant consular offices to pursue their visa formalities that are, to put it mildly, time consuming and complicated. Even the President of the WTTC needs a letter from the Indian office for official visits to the country! This contrasts so glaringly with India's competitors who offer trouble free entry to their countries. We enclose below a statement showing the position of India's competitors (*See Table 8*).

Till the seventies, India had a liberal visa system covering the members of the Commonwealth, the United States, Japan and many important European countries. After 1984, however, the liberal visa regime was abandoned due to "security" considerations.

We would like to point out that other countries too have similar problems, as for instance Sri Lanka, but they maintain a balance between the needs of security and the bounty of tourism. Surely India can do the same. The WTTC is firmly convinced that unless India can provide visa on arrival for at least its major source markets, foreign travelers will continue to face harassment and delay.

- Both Central and State governments should evolve a taxation regime, which yields revenue but is not unduly harsh. Tourism cannot be “flogged” till it becomes unremunerative. The WTTC would like to point out that New York City has recently brought down its taxation levels and actually sizably increased revenues from the heightened tourism activity.
- In order to equip manpower to meet the requirements of vastly increased tourism, public-private investment in culinary/tourism training institutes have to be radically increased.
- States with rich forests/wild life preserves need to exploit them scientifically for the benefit of tourism and wild life enthusiasts. Lessons on how to strengthen forest/wild life conservation through tourism can be learnt by studying experience elsewhere such as, for example the Kruger National Park or Serengeti.
- The preservation of the environment cannot be done merely through enforcement of rigid laws like the CRZ Act. What is needed is professional town planning of resorts, coastal areas and special tourism areas after adequate carrying capacity studies. India has to be careful that its tourism centers do not meet the fate of its overburdened hill resorts that are already suffering gross over-capacity.
- Priority must be given to the development of infrastructure in and around tourism centers, this includes roads and rail transport, clean water supply, hygienic surroundings and tourism friendly facilities. Priority must be assigned to the development of a national network connecting places of tourist interest.
- In conclusion, the WTTC would like to say that there is any amount of material available with government as well as the private sector on Action Plans for improving the tourism environment. We would be merely duplicating these suggestions to little avail. We would much rather emphasize that the policy makers in tourism implement, with due diligence their own charter on tourism instead of conducting new studies on the subject. Tourism is looking for concerted action to find its rightful place in the economy of the nation. We trust our findings help it in its enormous task.



TABLE 8
VISA REQUIREMENTS

Country	Destination						
	India	Sri Lanka	Maldives	Pakistan	Dubai	Malaysia	Thailand
AMERICA	Yes	No	No	Yes	Yes	No	No
AUSTRALIA	Yes	No	No	Yes	Yes	No	No
BRITAIN	Yes	No	No	Yes	No	No	No
CANADA	Yes	No	No	Yes	Yes	No	No
EUROPE/OTHERS	Yes	No	No	Yes	Yes	No	No
SINGAPORE	Yes	No	No	Yes	Yes	No	No
JAPAN	Yes	No	No	Yes	Yes	No	No

Note that Sri Lanka and Pakistan – equally ‘threatened’ countries – have both liberalized their visa regime.

ANNEXURE I

World Travel and Tourism Council: List of Members



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Chairman
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Roland Nilsson
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Scandic Hotels AB

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Qatar Airways

David Azema
Chairman & CEO
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David Babai
Managing Director
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Alun Cathcart
Non-Executive Chairman
Avis Europe Plc

Gerlach Cerfontaine
President & CEO
Schiphol Group

U. Gary Charlwood
Founder, Chairman & CEO
Uniglobe Travel (International) Inc.

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Singapore Airlines Limited

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Executive Vice President
Lebhar Friedman Inc

Rod Eddington
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British Airways plc

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bin Abdullah Al-Saud
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FAMA Holdings Co Limited

Maurice Flanagan
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Sales & Information Services
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Dieter Huckestein
President, Hotel Operations,
Owned & Managed
Hilton Hotels Corporation

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Superclubs

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Terrell Jones
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Travelocity.com

Sol Kerzner
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Sun International Hotels Ltd

Krishna Kumar
Managing Director
The Taj Group of Hotels

Kuoni Travel Holding Ltd

Paulo Faccira Lages
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Sonae Turismo S.G.P.S., S.A.

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Antonio Manuel Pinto
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Teresa Santos
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Mr Eric Speck
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Fabio Mantegazza
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Alan Parker
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Whitbread Hotel Company

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Business Travel International

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WTTC Chairman (1994 – 1996)

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Commercial Airplanes Group
The Boeing Company

Dionísio Pestana
Chairman
Group Pestana

Jay Rasulo
Chairman & CEO
EuroDisney S.C.A.

Per Setterberg
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Travis Tanner
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Executive Chairman
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Kathleen Taylor
President,
Worldwide Business Operations
Four Seasons Hotels and Resorts

Mustafa Türkmen
CEO & Managing Director
Enternasyonal Tourism
Investments, Inc.
Yapi Kredi Bank of Turkey

Gérard Pélisson
Co-Chairman, Supervisory Board
Accor S.A.



ANNEXURE II

The WTTC Asia Programme, India Initiative Manifesto

“Prosperity for India through Travel & Tourism by 2005”

INDIA'S TRAVEL & TOURISM – AN ENORMOUS OPPORTUNITY

“Prosperity for India through Travel & Tourism by 2005”

This Manifesto was adopted at the 1st Annual Regional Meeting of Founder Members of the WTTC India Initiative, which was held on 10th February 2000 in New Delhi, India.

According to WTTC research, the Travel & Tourism Economy in India generates employment for 17.7 million people, some 5.6% of total employment in the year 2000.

WTTC forecasts that, by the year 2010, global Travel & Tourism will generate 24.8 million jobs, accounting for 6.5% of total employment world-wide.

If, by the year 2010, Indian Travel & Tourism were to generate the same level of employment as the world average, then a further 25 million jobs would be created in India over the next decade.

Given India's outstanding wealth of natural reserves and rich cultural heritage, its thriving business community and high levels of entrepreneurship, India can seize this opportunity. However, the opportunity can only be grasped if a fundamentally new approach to tourism development is adopted. The India Initiative has been set up to define this new approach and the actions required.

A Start has been Made

A number of major steps have already been taken, which have required forward-thinking co-operation of both the public and private sectors in India.

These important steps include:

- A new aviation policy, helping to attract private investment into this sector.
- Leasing and privatisation of international airports.
- Privatisation of national carriers – Indian Airlines and Air India.
- Lowering the price of aviation turbine fuel for turbo props.
- The proposed dismantling of the Foreign Investment Board, which will lead to a more investment-friendly climate.
- Liberalisation of India's skies.
- Tourism Awareness Programme - launched by PATA in 1999.

The tourism product in India is mostly controlled by state governments. This covers all aspects of tourism such as local infrastructure, transport systems, municipal taxation, sanitation, hygiene, leisure and recreation, law and order, the preservation of local monuments, and the general well-being of tourists.

Recognising that these crucial issues fall within the domain of the states, WTTC has determined that, when promoting tourism, it is as important to interact actively with state authorities as it is to interact with the Indian government, in order to create much closer co-operation between the public and private sectors.

The India Initiative

This Initiative brings together all sectors of the Travel & Tourism Industry on a national, regional and local basis. The India Initiative involves co-operation between sectors which will help the delivery of a seamless Travel & Tourism service, thereby enhancing the visitor's experience. There will

be a unified industry voice, which will promote recognition of Travel & Tourism's importance to the national economy and demonstrate to national government the value to be gained by addressing broad policy areas across all key ministries. The WTTC will co-ordinate with major regional and local trade associations to assist them in their work, to intensify our own efforts and to avoid duplication of initiatives. The Initiative, with government participation, will foster an economically successful and sustainable industry which will benefit India as a whole.

The WTTC Asia Programme - India Initiative brings together various stakeholders from the industry. The Founder Members of the Initiative include Mr P R S Oberoi (Chief Executive of the Oberoi group), Mr Krishna Kumar (Managing Director of the Taj Group) and Mr Lalit Suri (Chairman & Managing Director of Bharat Hotels Ltd). Mr Oberoi is a Member of both the WTTC Executive Committee and of the WTTC Membership Task Force, and will act as patron for the Initiative. Mr Krishna Kumar and Mr Lalit Suri are Global Members of the WTTC.

Priority Areas

The India Initiative has identified six priority areas, which are in line with WTTC's global policy framework for Travel & Tourism. These are:

- Championing the interests of one of India's strongest economic growth sectors and employment generators.
- Developing a modern and supportive infrastructure to sustain a modern Indian economy.
- Removing barriers to growth, stimulating Travel & Tourism growth and assisting liberalisation.
- Promoting a responsible industry that is the employer of choice and welcomed by host communities.
- Engendering an economically, culturally and environmentally sustainable industry.
- Making the most of emerging technologies and communications.

Proposals for Action

- **Championing the interests of one of India's**

strongest economic growth sectors and employment generators.

1. Travel & Tourism must be placed high on the Indian government's priority list, thus driving forward the new policies already under consideration, and ensuring the interests of the industry are integrated into broader policy decisions within the economy.
2. The India Initiative will support the approaches of other tourism organisations and associations to promote the social, environmental and economic benefits of tourism to all political parties.

➤ Developing a modern and supportive infrastructure to sustain a modern Indian economy including Travel & Tourism. WTTC will recommend:

1. Evolving public and private sector partnerships in order to combine government support and private sector initiatives.
2. Prioritising the funding of major improvements in to a broad range of basic infrastructure upon which Travel & Tourism relies, particularly transport links, roads, railways, airports, energy and water treatment plants.
3. Promoting the economic benefits of tourism across other private sector concerns like banking, utilities and manufacturing, to attract their investment into developing tourism related infrastructure.
4. Setting up partnerships with other private sector concerns such as banking, utilities and manufacturing, where all partners will benefit from the development of tourism infrastructure.
5. Prioritising improvements to airline connections and connectivity.
6. Establishing action initiatives for better airports and facilities.





7. Publishing a specialised report outlining policies and good practices for the sustainable development of the Indian aviation sector as well as key principles for safety and the environment.
 8. Pushing plans forward for the effective privatisation of Indian aviation.
 9. Ensuring that practical and internationally recognised environmental and health, safety and security considerations are given top priority with regard to tourism infrastructure development.
 10. Implementing cost recovery mechanisms in order to provide the necessary capital to build, expand and maintain infrastructure.
 11. Creating a consensus within government to ensure that user fees collected from Travel & Tourism are channelled into the development of basic infrastructure. The success of the industry will depend on such investments (including the protection of Indian heritage, roads, sewage plants, transport links and telecommunications).
 12. Promoting private sector participation in Travel & Tourism related infrastructure developments, in order to build required hotel capacity and other related service provisions. Increased private sector involvement will improve quality, expand coverage and increase operating efficiencies in line with internationally accepted standards.
- **Removing barriers, stimulating Travel & Tourism growth and assisting liberalisation. Actions will include:**
1. The simplification and rationalisation of taxes in all sectors of the industry.
 2. The reduction of customer taxation.
 3. The reduction of bureaucratic immigration procedures for foreign visitors, including smoother border controls.
4. The elimination of visas for major identified tourism generating countries e.g. UK nationals, and visas on arrival for visitors from remaining countries.
- **Promoting a responsible industry that is the employer of choice and welcomed by host communities. In this context WTTC will:**
1. Achieve a consensus and raise awareness among tourism providers for the economic benefits of tourism.
 2. Promote the introduction of flexible working practices to increase industry responsiveness.
 3. Aim for a review of employment regulations resulting in employment growth.
 4. Formulate policy mechanisms that enhance employment opportunities in rural, regional areas.
 5. Introduce progressive liberalisation legislation for the Travel & Tourism industry.
 6. Encourage investment in Human Resources development and training throughout the Travel & Tourism industry.
 7. Raise customer service to international standards through training which will enhance local communities and quality of jobs.
- **Engendering an economically, culturally and environmentally sustainable industry. WTTC will work towards:**
1. Developing community responsible Travel & Tourism through involving local communities in key infrastructure developments.
 2. Establishing partnerships between the public and private sectors in infrastructure development and natural and cultural heritage, with government involvement to safeguard public, cultural and environmental interests.

3. Promoting environmental, health, safety and security considerations to guide all Travel & Tourism developments.
4. The preservation and promotion of monuments and the national and cultural heritage.

➤ **Making the most of emerging technologies and communications. WTTC will focus on:**

1. Making use of growing technological systems to smooth the immigration/visa and border control procedures.
2. Encouraging distribution through the Internet, e-commerce and other emergent technologies.
3. Monitoring technologies so that Travel & Tourism is at the forefront of the service sector.

Conclusion

The government of India and the state governments

need to recognise that the economic and job-creation benefits of a strong and growing Travel & Tourism sector can only be fully realised if a favourable and supportive regulatory framework is in place. They should ensure that this sector is at the heart of their policy-making.

No single aspect of Travel & Tourism can exist without increasing co-operation between the public and private sectors. Partnerships bring together the public sector's function to safeguard public interest with the innovation and greater efficiency of private sector management. Such co-operative endeavours, within a supportive regulatory framework, are vital to the development of a sustainable Travel & Tourism sector.

The World Travel & Tourism Council stands ready to advance this endeavour and to work together with the private and public sectors to achieve these objectives.

World Travel & Tourism Council
March 2001



ANNEXURE III

WTTC India Initiative

List of Members



Mr P. R. S. Oberoi* The Oberoi Group	
Mr Vikram Madhok* Abercrombie & Kent	Ms Priya Paul The Park Hotels
Mr Cyrus J. Guzder Airfreight	Mr Sunder G. Advani Advani Hotels & Resorts Ltd
Mr Ankur Bhatia* Amadeus India Pvt Ltd	Mr Bhim Singh Rajasthan Tours
Mr Manoj Adlakha* American Express	Mr Raju Shahani RCI India
Mr Alun Cathcart* Avis Europe Plc	Mr Inder Sharma SITA World Travel
Mr Lalit Suri* Bharat Hotels Ltd	Mr R. K. Krishna Kumar* The Taj Group
Mr Peter A. Kerkar Cox & Kings	Mr Adi J. Katgara Travel Corporation India Ltd
Mr S. S. H. Rehman ITC Hotels	Mr Ashwini Kakkar* Thomas Cook (India) Ltd
Mr Satish Shenoy Infrastructure, Leasing & Financial Services Ltd (IL&FS)	H.H. Maharana Arvind Singhji of Mewar HRH Group of Hotels, Udaipur
Mr Naresh Goyal Jet Airways	Mr Arun Nanda Mahindra Hotels & Resorts
H.H. Maharaja Gaj Singhji Jodhpur	Mr Daniel Desbaillets* Bass Hotels & Resorts
Mr Navin Berry Cross Section Publications	Mr. Sunil Arora Indian Airlines

* Members whose companies are also Global Members of the WTTC.

TRAVEL & TOURISM
EVERYBODY'S FUTURE

ANNEXURE IV

Letter to Mr. Ananth Kumar

WTTC Intervention on Tourism Policy



At the recently convened CII Seminar on Tourism, I was delighted to hear you promise that you would announce a new Tourism Policy for India within the next 100 days. You were also kind enough to say that the said policy would duly reflect the views of the industry so that it could properly address the manifold problems confronting tourism in India.

The World Travel and Tourism Council (WTTC) is deeply committed to the promotion of tourism in India and strongly feels that a broad policy framework favourable to tourism is *sine qua non* for the growth of a sector woefully neglected so far and yet one which has great potential for redressing many of the country's basic needs.

In its *Manifesto for India* announced in February 2000, the WTTC has forecast that, by the year 2010, Indian travel and tourism could generate 25 million additional jobs, given India's outstanding wealth of natural reserves and rich cultural heritage, its thriving business community and high levels of entrepreneurship. However, the opportunity can only be grasped if a fundamentally new approach to tourism development is adopted.

The WTTC has identified six priority areas, which are in line with WTTC's global policy framework for travel and tourism. The priority areas are:

- i) **Championing the interests of one of India's strongest economic growth sectors and employment generators.**
- ii) **Developing a supportive infrastructure to sustain a modern Indian economy.**
- iii) **Removing barriers to growth, stimulating travel and tourism and assisting liberalisation.**

- iv) **Promoting a responsible industry that is the employer of choice and welcomed by host communities.**
- v) **Engendering an economically, culturally and environmentally sustainable industry.**
- vi) **Making the most of emerging technologies and communications.**

The Government must assign a high priority to tourism programmes and projects. This priority must be visibly demonstrated in vastly increased allocation of resources for tourism in both the Central and State Plans.

There has to be a clear recognition of the economic benefits of tourism as a creator of wealth, generator of employment, and preserver of local traditions, culture and the environment. To this end, all hindrances and roadblocks in the path of tourism need to be systematically eradicated.

The WTTC welcomes a number of pronouncements made which will require forward thinking and co-operation of both the public and private sectors in India. These include:

- A new aviation policy, which would attract private investment into this sector.
- The leasing and privatization of international airports.
- The privatization of the national carriers – Air-India and Indian Airlines.
- The lowering of the price of aviation turbine fuel.
- A more liberal aviation bilateral regime.

We would strongly urge that these measures, which are of vital necessity in establishing stable foundations for tourism, should be pushed through with urgency and resolve.

At the meeting of the CEO's Conclave in Agra

organized by the Confederation of Indian Industry, a number of cogent and practical suggestions were made which would dramatically alter the face of tourism in India. Permit me to draw your attention to the more significant recommendations as defined by the WTTC, India Initiative:

Augment airline seat availability.

India is a long haul destination and cannot be reached by rail or road. The only convenient mode of transport is by air. Choke up the skies and you choke up India itself – to tourism, to trade, to a host of economic activity. Too often the policy makers in the Ministry of Civil Aviation have bowed to the dictates of the national carriers that lower seat availability means higher tariffs chargeable. For the short-term commercial gains of Air-India the country has been held to ransom and there are either insufficient or no connections to most tourism generating destinations. Unless this stifling policy is reversed and a more open sky approach adopted, tourism does not have a hope of succeeding. This would be the first step in demonstrating government's commitment to tourism.

Simplify visa procedures.

While this holds true for almost all countries, it is especially so for the major tourist generating markets of the developed countries. In these cases there should be a provision for giving visas on arrival.

Privatise the existing airports.

Both international and national airports are a crying shame to the fair name of the country and the worst possible advertisement for tourism to India. Delhi and Mumbai, through which over 85% of tourists come to India, have been rated as among the five worst airports in the world. The only means for their improvement lies in their privatisation, which would permit investment and better management.

Correct India's image.

- Honest information from reliable sources on topics of concern in target markets (safety, security, cleanliness, and hygiene).
- Cultivate travel writers as a company cultivates financial analysts.

Open more international airports.

India has a number of regional airports of note, each of which can form an important regional hub: Bangalore, Amritsar, Hyderabad, Ahmedabad, Cochin, Bhubaneswar, Guwahati, Jaipur and Goa, to name but a few. On the clear assumption of an annual growth in tourist traffic, these airports could ease congestion, disperse tourist flows and open up regional growth.

Upgrade basic tourist facilities.

There is no gain in saying that, for tourism to grow, you need better roads, adequate means of transport, and a safe and hygienic environment. Even if these take time to come about, a conscious effort should be made to provide information kiosks, accommodation priced at every level, tourist coaches, tourist parking areas, clean toilets, food outlets, and readily available communication channels as essential tools for the welfare of tourists. Efforts should also be made to improve aesthetics around tourist sites: better signage, sanitation, landscaping and removal of ugly hoarding.

Evolve uniform taxation systems conducive to tourism.

Almost everywhere in India the tourism industry is looked upon as a lucrative source of taxation, ranging from heavy imposts on hotel room rents, to sales tax on food and beverage, heavy excise on liquor, prohibitive customs duty on imported tourist vehicles and frustrating taxes on interstate tourist transport. This unscientific and unthinking approach to one of the country's premier economic sectors cuts across both Central and State policies and acts as a deterrent for tourism growth. A well-formulated approach to this problem is surely the unified cry of the industry.

Leverage private sector funds and skills to maintain and market India's heritage.

- First, inventory all monuments and expert resources.
- Establish norms/categories for private sector participation.
- Create public-private heritage trusts.

Market a single ticket for all national heritage sites.

A single ticket granting access to all of India's



architectural marvels will not only stop harassment to tourists on this account, but it would also greatly add to the funds available to the government for the preservation and development of national monuments. At present, much of this money is being lost or siphoned off into other channels.

Open up accommodation sector.

Privatise government assets and announce a land policy conducive to the construction of tourist accommodation. If India is to achieve its full potential in tourism, it needs a manifold increase in the number of rooms available for all categories of visitors. State Governments, in particular, have to view each accommodation proposal with a benevolent eye and evolve a system which greatly assists an interested investor in this task.

These are but some of the suggestions which instantly come to mind on the framing of a sound policy for tourism. Even if only some of them receive your undivided attention, much would be achieved. What is clearly required above everything else is the political will and the administrative determination to carry forward change to its logical conclusion. Pronouncements for tourism have often been made in the past: what the industry now craves is resolute action to correct the situation. I am confident that in this task you will not be found wanting.

Yours sincerely

Jean-Claude Baumgarten



ANNEXURE V

Domestic Tourist Arrivals



S. No.	State	1997	1998	1999
1	Andhra Pradesh	36,795,060	38,400,356	42,316,882
2	Arunachal Pradesh	1,567	2,989	1,008
3	Assam	14,238	13,478	14,336
4	Bihar	8,369,580	8,108,223	8,932,921
5	Goa	928,925	953,212	990,114
6	Gujarat	118,994	217,661	215,270
7	Haryana	257,319	258,133	243,052
8	Himachal Pradesh	3,830,420	4,180,366	4,352,863
9	Jammu & Kashmir	4,523,646	4,878,445	4,984,773
10	Karnataka	11,760,836	11,996,053	12,595,855
11	Kerala	4,953,401	4,481,714	4,888,287
12	Madhya Pradesh	7,459,061	7,682,832	4,259,086
13	Maharashtra	6,974,453	7,183,687	7,542,871
14	Manipur	90,974	87,669	97,523
15	Meghalaya	115,574	136,952	159,730
16	Mizoram	30,033	23,998	27,139
17	Nagaland	39,101	28,890	21,041
18	Orissa	2,828,393	2,862,028	2,691,841
19	Punjab	380,263	384,066	232,424
20	Rajasthan	6,290,115	6,403,310	6,675,528
21	Sikkim	112,869	133,158	138,785
22	Tamil Nadu	18,975,881	20,452,971	21,079,141
23	Tripura	231,759	235,808	247,632
24	Uttar Pradesh	37,788,000	41,567,000	45,723,700
25	West Bengal	4,577,229	4,591,127	4,699,187
26	Andaman & Nicobar	64,563	74,732	77,448
27	Chandigarh	445,016	444,569	441,281
28	Daman & Diu	61,749	64,218	67,429
29	Delhi	1,453,284	1,496,882	1,571,726
30	Dadra & N. Haveli	NA	442,425	445,464
31	Lakshadweep	3,665	2,058	1,927
32	Pondichery	401,040	406,990	346,178
	Total	159,877,008	168,196,000	176,082,442

Source: Department of Tourism, Government of India.

ANNEXURE VI

Overview and Definitions

The WTTC/OEF Travel and Tourism Satellite Accounting research for 2001 reflects: a comprehensive simulation of the new international standard adopted by the United Nations following the Enzo Paci World Conference on the Economic Impact of Tourism (Nice, France, June 1999), ten years of model development and TSA experience and application of OEF's latest macroeconomic forecasts.

TSA Economic Concepts

The Travel and Tourism Satellite Account is based on a "demand-side" concept of economic activity, because the industry does not produce or supply a homogenous product or service like traditional industries (agriculture, electronics, steel, etc.). Instead, travel and tourism is an industrial activity defined by the diverse collection of products (durables and nondurables) and services (transportation, accommodation, food and beverage, entertainment, government services, etc.) that are delivered to visitors. There are two basic aggregates of demand in the TSA:

I. Travel and Tourism Consumption represents the value of products and services that have been consumed by visitors. It is the basic demand-side aggregate used to construct an explicitly defined production-side "industry" equivalent for comparison with all other industries. Travel & Tourism Consumption includes:

- Personal Travel and Tourism, more formally known as consumer expenditures, which captures spending by residents of an economy on traditional travel and tourism service (lodging, transportation, entertainment, meals, financial service, etc.) and goods (durable and nondurable) used for travel and tourism activities.
- Business Travel by government and industry, which mirror Personal Travel and Tourism's spending on goods and services (transportation, accommodation, meals, entertainment, etc.), but

are intermediate inputs used in the course of business or government work.

- Government Expenditure (individual) by agencies and departments which provide visitor services such as cultural (art museums), recreational (national park) or clearance (immigration/customs) to individual visitors.
- Visitor Exports, which includes spending by international visitor on goods and services.

II. Travel and Tourism Demand builds on Travel and Tourism Consumption to include travel and tourism products and services associated with residual components of final demand. It is used to construct a broader "economy-wide" impact of travel and tourism. The residual elements of Travel and Tourism Demand are:

- Government Expenditures (Collective) made by agencies and departments associated with travel and tourism, but generally made on behalf of the community-at-large, such as tourism promotion, aviation administration, security services and sanitation services.
- Capital investment by travel and tourism providers (the private sector) and government agencies (the public sector) to provide facilities, equipment and infrastructure to visitors.
- Exports (Non-visitor) which include consumer goods sent out-of-state for ultimate sale to visitors (such as clothing, electronics or gasoline) or capital goods sent out-of-state for use by industry service providers (such as aircraft or cruise ships).

By employing input/output modeling separately to these two aggregates (Travel and Tourism Consumption and Travel and Tourism Demand), the Satellite Account is able to produce two different and complementary aggregates of Travel and Tourism Supply: the Travel and Tourism Industry





and the Travel and Tourism Economy. The former captures the explicitly defined production-side “industry” equivalent, direct impact only, for comparison with all other industries, while the latter captures the broader “economy-wide” impact, direct and indirect, of Travel and Tourism. Through this process, the Satellite Account is also able to determine that portion of supply, which is imports from outside the resident economy.

Next, the Satellite Account breaks down both aggregates of supply (Industry and Economy) into the direct and indirect impacts of Gross Domestic Product (GDP), the main descriptor of economic production, as well as the various components of GDP (Wages and Salaries, Indirect/Transaction Taxes, Operating Surplus, Depreciation and Subsidies). Beyond the regular TSA accounts, a separate analysis is also provided of Personal Income Taxes paid by travel and tourism generated employment and Corporate and Property Taxes paid by travel and tourism companies.

Finally, one of the most important elements of the Travel and Tourism Satellite Account is the employment results which can now be quantified for the basic travel and tourism Industry and the broader Travel & Tourism Economy.

- T&T Industry Employment generally includes those jobs with face-to-face contact with visitors (airlines, hotels, car rental, restaurant, retail, entertainment, etc.)
- T&T Economy Employment includes T&T industry Employment plus those faceless jobs associated with:
 - ◆ Industry suppliers (airline caters, laundry services, food suppliers, wholesalers, accounting firms, etc.).
 - ◆ Government agencies, manufacturing and construction of capital goods and exported goods used in travel and tourism.
 - ◆ Supplied commodities (steel producers, lumber, oil production, etc.).

ANNEXURE VII

World Estimates and Forecasts

	YEAR 2001			Year 2011		
	US\$ Bn	%	Growth	US\$ Bn	%	Growth
Personal Travel & Tourism	2104.1	10.4	4.3	3999.5	10.5	3.1
Business Travel	453.8	-	3.9	855.6	-	3.2
Government Expenditures	216.2	4.2	3.8	413.9	4.4	3.2
Capital Investment	656.7	9.0	5.2	1434.0	9.3	4.6
Visitor Exports	601.7	7.3	9.7	1382.2	6.7	6.0
Other Exports	462.1	5.6	13.5	1201.1	5.8	6.2
Travel & Tourism Demand	4494.5	-	5.9	9285.9	-	4.0
Travel & Tourism Industry GDP	1381.5	4.2	4.3	2654.4	4.2	3.3
Travel & Tourism Economy GDP	3497.1	10.7	4.6	6958.3	11.0	3.6
Travel & Tourism Industry Employment	78183.4	3.1	3.1	99321.7	3.4	2.4
Travel & Tourism Economy Employment	207062.0	8.2	3.2	260417.0	9.0	2.3

NOTES:

<i>Real Growth</i>	<i>(adjusted for inflation) is Annualized</i>
<i>Personal Travel & Tourism</i>	<i>Spending by residents on travel and tourism</i>
<i>Business Travel</i>	<i>Spending by companies and government agencies on travel while on business</i>
<i>Government Expenditures</i>	<i>Spending by government agencies to provide goods and services to visitors or travel companies</i>
<i>Capital Investment</i>	<i>Capital spending on travel and tourism infrastructure, equipment, plant and facilities</i>
<i>Visitor Exports</i>	<i>Spending by international visitors</i>
<i>Other Exports</i>	<i>Goods exported for travel and tourism use abroad</i>
<i>Travel & Tourism Demand</i>	<i>Total amount of travel and tourism economic activity</i>
<i>T&T Industry GDP</i>	<i>The activities producing goods and services directly for visitors</i>
<i>T&T Economy GDP</i>	<i>Goods and services produced for visitors and other activities strongly dependent on travel and tourism spending</i>

ANNEXURE VIII

Tourism Satellite Account of India

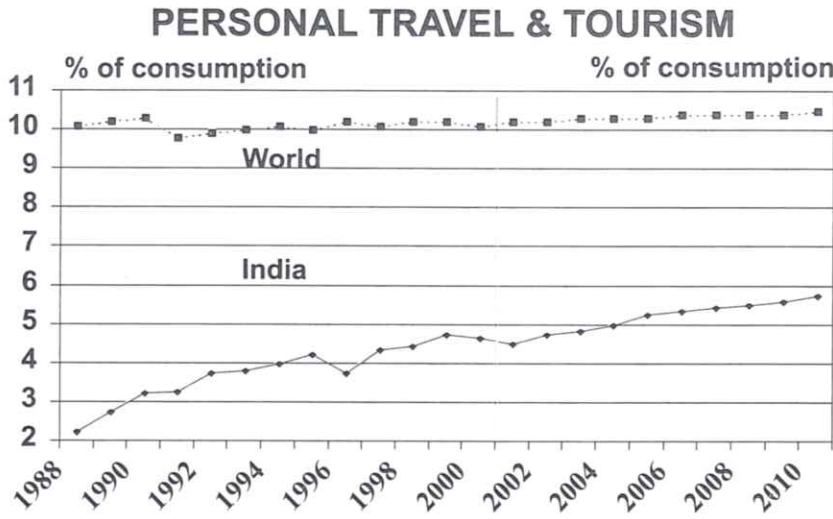


India	YEAR 2001			Year 2011		
	US\$ Million	% of Total	Real Growth 1999	US\$ Million	% of Total	Forecasted Real Growth 2001-2011 Annualized
Personal Travel & Tourism	16258.4	4.6	6.5	51008	5.7	9.7
Business Travel	2564	-	7.4	6350	-	7.1
Government Expenditure	599.6	0.9	4.6	1206.8	1.0	4.9
Capital Investment	7328.9	6.1	8.5	18979.6	6.3	7.6
Visitor Exports	5314.8	7.7	23.6	27091.4	8.4	15.2
Other Exports	1233.8	1.8	13.7	4174.1	1.3	10.5
Travel & Tourism Demand	33299.5	-	9.7	108810	-	10.1
Travel & Tourism Industry GDP	13422	2.5	11.3	43294.8	3.2	10.0
Travel & Tourism Economy GDP	27427.7	5.2	10.0	81602	6.1	9.1
Travel & Tourism Industry Employment	12298.6	2.9	6.0	17268.1	3.7	3.6
Travel & Tourism Economy Employment	24981.9	6.0	4.7	32914.6	7	2.8

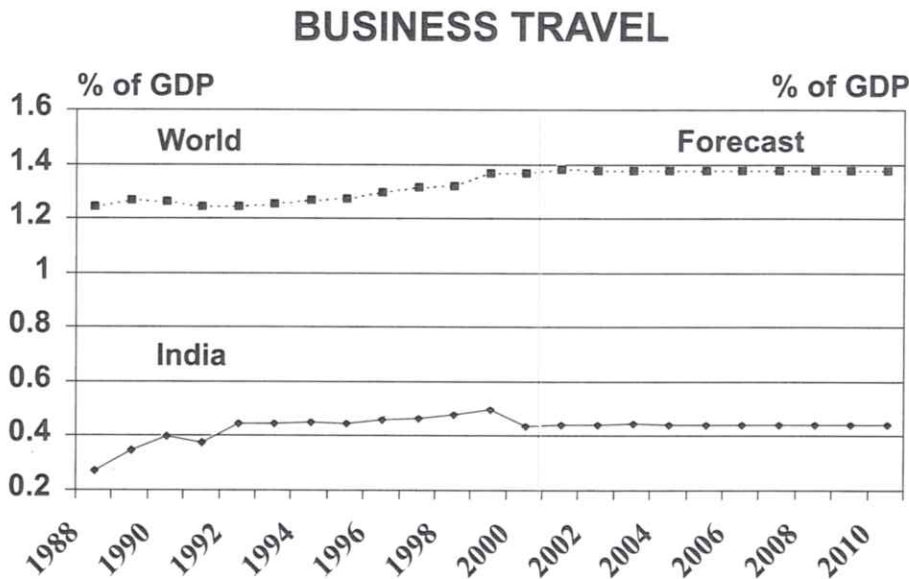
ANNEXURE IX

Growth in Personal T&T

The relatively low level of spending on travel and tourism at present (estimated at an average of \$12.60 for each member of the population in 2001) means there is a very large scope for this spending to rise as economic growth boosts real incomes.



Source: OEF/WTTC



Source: OEF/WTTC

Having risen from an estimated $2\frac{1}{4}\%$ of personal consumption in 1988 to $4\frac{1}{2}\%$ now, our projected growth would still leave personal consumption of travel & tourism at only $5\frac{3}{4}\%$ of consumption in 2011 compared with a world average of over 10% today. Similar arguments apply to business travel and tourism where rapid growth of the economy is expected to generate growth in business travel and tourism at the eighth fastest rate of the 160 countries covered by the 2001 TSA exercise over the next decade.

ANNEXURE X

TSA 2001-2011:

India in Comparison
with Competitors

	INDIA	CHINA	THAILAND	MALAYSIA	SINGAPORE
I PERSONAL TRAVEL & TOURISM (US\$m)					
Year 2001	16258 (19)	56651 (8)	6115 (33)	4095 (38)	3791 (43)
Year 2001 (%of total)	4.6 (132)	9.9 (49)	8.6 (62)	9.0 (57)	9.3 (54)
Year 2011	51008 (14)	157980 (7)	20023 (26)	8741 (39)	7765 (40)
Year 2011 (% of total)	5.7 (113)	10.2 (49)	8.6 (69)	8.7 (66)	9.4 (57)
Real growth between 2001-2011 (% annualized)	9.7 (2)	8.5 (4)	5.5 (31)	4.3 (63)	4.8 (44)
II BUSINESS TRAVEL & TOURISM (US\$m)					
1 Year 2001	2564 (27)	7371 (12)	1799 (33)	1070 (41)	1101 (40)
2 Year 2011	6350 (24)	19815 (9)	5773 (26)	2320 (39)	2223 (41)
3 Real growth between 2001 - 2011 (%annualized)	7.1 (8)	8.1 (2)	5.3 (20)	4.4 (48)	4.7 (36)
III GOVERNMENT TRAVEL & TOURISM EXPENDITURE (US\$m)					
1 Year 2001	599 (34)	6228 (8)	381 (38)	559 (35)	891 (29)
2 Year 2001 (% of total)	0.9 (153)	3.8 (84)	2.6 (112)	5.1 (58)	9.1 (31)
3 Real growth (%)	4.6	16.1	4.4	1.9	14
4 Year 2011	1206	17465	993	1195	1712
5 Year 2011 (% of total)	1	4	2.7	5.3	9.5
6 Real growth between 2001 - 2011 (%annualized)	4.9	8.6	3.1	4.3	4.2
Indonesia	8.0				
Mauritius	7.2				
Nepal	6.2				
Egypt	5.4				
Hongkong	7.3				
Kenya	10.7				
IV TRAVEL & TOURISM CAPITAL					
INVESTMENT (US\$m)					
Year 2001	7328	40685	2049	2593	3110
Year 2001 (% of total)	6.1	8.9	8.5	8.4	8.9
Year 2011	18979	113760	6919	6640	7094
Real growth between 2001 - 2011 (%annualized)	7.6 (10)	8.5 (7)	5.8 (22)	6.2 (18)	6 (21)



	INDIA	CHINA	THAILAND	MALAYSIA	SINGAPORE
V VISITOR EXPORTS (US\$m)					
Year 2001	5315 (25)	17252 (7)	10067 (16)	5006 (27)	6962 (23)
Year 2001 (% of total)	7.7 (96)	6.3 (107)	11.1 (77)	4.0 (130)	3.9 (132)
Real growth (%)	23.6 (9)	18.4 (20)	17.3 (23)	8.0 (70)	14.1 (37)
Year 2011	27091	56956	42546	13584	17544
Year 2011 (% of total)	8.4 (91)	6.6 (99)	16.1 (55)	4.2 (127)	4.6 (123)
Real growth between 2001 - 2011 (% annualized)	15.2 (1)	10.3 (2)	8.2 (10)	6.8 (26)	7.0 (19)
VI TRAVEL & TOURISM DEMAND (US\$m)					
Year 2001	33299 (22)	140233 (7)	22086 (32)	16016 (36)	19946 (33)
Real growth (%)	9.7 (36)	10.6 (29)	11.3 (21)	9.9 (35)	10.9 (24)
Year 2011	108810 (16)	403222 (6)	79155 (22)	39486 (36)	46376 (34)
Real growth between 2001 - 2011 (% annualized)	10.1 (1)	8.8 (4)	6.4 (16)	5.8 (29)	6.2 (20)
VII TRAVEL & TOURISM INDUSTRY GDP (US\$m)					
Year 2001	13422 (15)	32824 (9)	9497 (20)	3905 (39)	4675 (34)
Real growth (%)	11.3 (19)	9.0 (37)	10.9 (23)	7.5 (42)	11.2 (20)
Year 2011	43295 (11)	95516 (8)	37462 (13)	9937 (35)	11378 (32)
Real growth between 2001 - 2011 (% annualized)	10.0 (1)	9.0 (3)	7.5 (9)	6.1 (20)	6.7 (14)
VIII TRAVEL & TOURISM ECONOMY GDP (US\$m)					
Year 2001	27428 (17)	119041 (7)	16934 (29)	9333 (41)	10319 (37)
Real growth (%)	10.0 (28)	9.5 (32)	7.5 (48)	7.2 (51)	5.0 (75)
Year 2011	81602 (15)	340695 (4)	65382 (17)	23305 (37)	25469 (34)
Real growth between 2001 - 2011 (% annualized)	9.1 (3)	8.8 (4)	7.2 (10)	5.9 (25)	6.8 (13)
IX TRAVEL & TOURISM EMPLOYMENT GDP (US\$000)					
Year 2001	12298 (2)	15299 (1)	1831 (8)	358 (37)	17.29 (85)
Year 2011	17568 (2)	18654 (1)	2469 (7)	504 (34)	99.6 (84)
Real growth between 2001 - 2011 (% annualized)	3.6 (41)	2.0 (101)	3.0 (62)	3.5 (47)	3.2 (55)
X TRAVEL & TOURISM ECONOMY EMPLOYMENT (000'S JOBS)					
Year 2001	24981.9 (2)	51959.2 (1)	3617.2 (8)	1059.8 (32)	199.8 (88)
Year 2001 (% of total)	6.0 (140)	7.2 (124)	11.3 (69)	11.0 (73)	9.9 (84)
Real growth (%)	4.7 (55)	2.4 (92)	5.1 (49)	4.6 (56)	-2.3 (150)
Year 2011	32914.6 (2)	62309.1 (1)	4773.8 (9)	1466.7 (28)	277.0 (84)
Year 2011 (% of total)	7.0 (133)	7.9 (119)	13.7 (55)	11.4 (74)	12.2 (71)
Real growth between 2001 - 2011 (% annualized)	2.8 (73)	1.8 (113)	2.8 (70)	3.3 (50)	3.3 (49)

ANNEXURE XI

Plan Outlay (1997-2001)

(Rs. in Crores)

Name of the Scheme/Project Programme	Ninth Plan Approved Outlay	BE 1997-1998	RE 1997-1998	BE 1998-1999	RE 1998-1999	BE 1999-2000	RE 1999-2000	BE 2000-2001
Director & Admin.	2.00	2.00	—	0.20	—	—	—	—
Tourist Information & Publicity								
Domestic Campaign	40.00	5.00	3.70	10.00	5.50	10.00	7.00	7.00
Overseas Campaign	204.43	58.00	57.60	75.00	53.00	67.80	53.20	49.75
Tourist Infrastructure	161.32	25.85	24.30	52.80	40.00	60.00	25.60	29.10
Training	60.00	15.00	11.00	16.00	9.00	16.00	15.20	16.65
Subsidies		4.00	3.05	5.00	2.00	5.00	7.50	5.00
Professional services (including IT & Perspective Plans) during 2000 – 2001	18.00	0.50	0.35	1.50	0.50	1.70	1.50	12.00
Marketing Development Assistance	—	—	—	—	—	—	—	1.00
National Development Fund	—	—	—	—	—	—	—	1.00
10% Limp sum provision for projects /schemes for the benefit of North-Eastern region and Sikkim	—	—	—	—	—	—	—	13.50
TOTAL	485.75	110.35	100.00	160.50	110.00	160.50	110.00	135.00

Source: Market Research Division, Department of Tourism.

ANNEXURE XII

Comparative Figures
from Other CountriesYEAR 2001
GOVERNMENT TRAVEL AND TOURISM EXPENDITURE
(% OF TOTAL)

India	.9	France	4.7
China	3.8	Sri Lanka	4.0
Spain	9.5	U.S.A.	3.9
Singapore	9.1	U.K.	2.9
Hong Kong/China	7.4	Thailand	2.6
Malaysia	5.1	Germany	3.3



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