Report

on

TOURISM IN INDIA: AN EXPLORATORY STUDY

China National Tourism Office
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India China Economic & Cultural Council
New Delhi
FOREWARD

Tourism is one of the most important sectors of the Indian Economy with an estimated business of US$83 Billion in 2011 and expected to reach around US$191 Billion in 2021. It is the largest service industry in India, with a contribution of around 6% to the national GDP and providing employment with over 30 Million jobs.

For the sake of record it can be said that the first conscious and organized efforts to promote tourism in India were made in 1945 when a committee was set up by the Government under the Chairmanship of Sir John Sargent, the then Educational Adviser to the Government of India. The development of tourism was taken up in the planning process since the Second Five Year Plan in 1956, but, the Sixth Five Year Plan marked the beginning of a new era when tourism began to be considered a major instrument for social integration and economic development. However, it was only after the 80’s that tourism activity gained momentum. Several significant steps were initiated by the Government of India. A National Policy on tourism was announced in 1982. The National Committee on Tourism formulated a comprehensive plan for achieving a sustainable growth in tourism in 1988. In 1992, a National Action Plan was prepared and in 1996 the National Strategy for Promotion of Tourism was drafted. In 1997, the New Tourism Policy recognised the roles of Central and State governments, public sector undertakings and the private sector in the development of tourism. The need for involvement of Panchayati Raj institutions, local bodies, non-governmental organisations and the local youth in the creation of tourism facilities has also been recognised. The National Tourism Policy of 2002 recognised tourism as a major engine of economic growth to harness its direct and multiplier effects for employment and poverty eradication in an environmentally sustainable manner.

The concerted efforts and policy impetus to tourism industry by government of India has put India on the tourism map of the World. According to World Travel and Tourism Council, India will be a tourism hotspot, having the highest 10-year growth potential. The India travel and tourism industry ranked 5th in the long-term (10-year) growth and is expected to be the second largest employer in the world by 2020. India has been ranked the “best country brand for value-for-money” in the Country Brand Index (CBI) survey conducted by FutureBrand, a leading global brand consultancy. India also claimed the second place in CBI’s “best country brand for history”, as well as appears among the top 5 in the best country brand for authenticity and art & culture, and the fourth best new country for business. India made it to the list of “rising stars” or the countries that are likely to become major tourist destinations in the next five years, led by the United Arab Emirates, China, and Vietnam.

Tourism industry in India will continue to play a pivotal role in employment generation and foreign exchange earnings. It will remain an important industry of Indian economy for a long time. This report is an attempt to review the Indian Tourism industry by analyzing policies, institutional framework and the role of stakeholders.

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1: Overview

Locating tourism in the economic landscape of India

The total contribution of Travel & Tourism, including its wider economic impacts, is forecast to reach around US$190 Billion in 2021 from current US$ 83 Billion in 2011. The contribution of the tourism industry to India’s GDP is around 6%.

Tourism is one of the largest generators of foreign exchange revenue for India and also engages significant manpower with 30.5 million jobs (direct as well as indirect) in 2008. According to the Ministry of tourism foreign exchange earnings from tourism during 2011 were US$ 16.564 billion compared to US$ 14.193 billion in 2010, a growth rate of 16.7%. The growth rate in foreign exchange earnings from tourism during 2010 over 2009 was 24.6%. The World Tourism Organization has forecast India as being the leader in the tourism industry in South Asia with 8.9 million arrivals expected by 2020. According to the World Travel & Tourism Council, India is also emerging as the second most rapidly increasing (8.8 percent) tourism economy in the world between 2005 and 2014.

| Table: Top 10 countries in Foreign Tourist Arrivals - 2010 and 2011 (in Million) |
|-----------------------------------------------|-------|-------|
| Rank 2010 | Country | 2010 | 2011 |
| 1 | France | 76.8 | |
| 2 | USA | 59.7 | |
| 3 | China | 55.7 | |
| 4 | Spain | 52.7 | 56.9* |
| 5 | Italy | 43.6 | |
| 6 | UK | 28.1 | |
| 7 | Turkey | 27.0 | |
| 8 | Germany | 26.9 | |
| 9 | Malaysia | 24.6 | |
| 10 | Mexico | 22.4 | |
| 40th | India | 5.78 | 6.29* |

Source: India Tourism Statistics 2010, Ministry of Tourism
*UNWTO Barometer Statistics January 2012

Tourism and Indian Economy

- Travel and Tourism Business (Including associates) in India:
  - US$ 83 Billion in 2011
- Contribution to GDP: Around 6%
- Jobs in Tourism: 30.5 Million
- Foreign Exchange earnings in 2011: US$16.56 Billion

The World Tourism Scenario and India’s position

International tourist arrivals worldwide registered positive growth of 4.4% during the year 2011 as compared to growth of 6.5% during 2010 over 2009. Globally, international tourist arrivals during 2011, 2010 and 2009 were 980 million, 939 million, and 882 million respectively. France maintained the top position in terms of arrivals in 2011, followed by the USA, China, Spain, Italy, the UK, Turkey, Germany, Malaysia and Mexico. It is expected that these growth rates will continue in the future.

1 http://www.hospitalityindia.com/hospitality-industry-in-india.htm
top 10 countries will account for more than 40% share of international tourist arrivals in 2011. Region wise Europe has shown highest growth in FTAs in 2011 with 6% followed by Asia Pacific Region with 5.6% in 2011.

India’s share in international tourist arrivals as well as its global rankings has improved over the last decade. Both have significantly improved since 2000. India’s share in international tourist arrivals was 0.64% in 2010, a significant increase over 0.39% share held in 2000. More importantly, perhaps, India’s global rankings increased to 40th place in 2010. The Travel and Tourism Competitiveness Report 2009 from the World Economic Forum, ranks India as 11th in the Asia-Pacific region with 2.83% of tourist arrivals in the Asia Pacific Region in 2010. In terms of travel, India stands 9th in the index of relative cost of access (ticket taxes and airport charges) to international air transport services, having almost the lowest costs in the world.

In terms of travel receipts, World travel receipts have increased from US $ 475 billion in 2000 to US $ 926 billion in 2010 at a compound annual growth rate of 7.7%. At the same time travel receipts (International) in India have risen from US $ 3.5 billion in 2000 to US $ 16.6 Billion in 2011 (UNWTO World Tourism Barometer January 2012). While the growth in tourism has been impressive, India’s share in total global tourism arrivals and earnings is still quite insignificant but is expected to improve in the next decade.

### Trends in International tourist arrivals

The Foreign Tourist Arrivals (FTA) in India continued to grow from 1.28 million in 1981, to 1.68 million in 1991 and 2.54 million in 2001, to reach 6.29 million in 2010. During 2011, India registered a positive growth of 8.9% over 2010. This is substantially better than UNWTO’s projected growth rate of 4.4 for the world in 2011. The compound annual growth rate (CAGR) in FTAs in India between 2001 and 2011 was 9.5%.

### Table: Foreign Tourist Arrivals (FTA) in India

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<th>Year</th>
<th>FTAs in India</th>
<th>Annual Growth (%)</th>
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<tr>
<td>2005</td>
<td>3,918,610</td>
<td>13.3</td>
</tr>
<tr>
<td>2006</td>
<td>4,447,167</td>
<td>13.5</td>
</tr>
<tr>
<td>2007</td>
<td>5,081,504</td>
<td>14.3</td>
</tr>
<tr>
<td>2008</td>
<td>5,282,603</td>
<td>4.0</td>
</tr>
<tr>
<td>2009</td>
<td>5,167,699</td>
<td>-2.2</td>
</tr>
<tr>
<td>2010</td>
<td>5,775,692</td>
<td>11.8</td>
</tr>
<tr>
<td>2011</td>
<td>6,290,319</td>
<td>8.9%</td>
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Source: India Tourism Statistics 2010 & 2011, Ministry of Tourism, & Ministry Website

### India and World Tourism

- Share of India in International Tourist Arrival (ITA): **0.61%**
- India’s Rank in ITA 2010: **40th**
- Share in Asia Pacific Region in 2011: **2.91%** (2.83% in 2010)
- India’s rank in Asia Pacific Region: **11th**

### Foreign Tourist Arrivals (FTA)

- FTAs in 2011: **6.29 Million**
- Growth rate in 2011: **8.9%**
- Region wise highest share in 2010: **Western Europe (30.3%)**
- Country wise highest share in 2010: **USA (16.12%)**

In terms of region-wise share of FTAs in India during 2010, Western Europe (30.3%) was the top region followed by North America (20.3%), South Asia (18.1%), South East Asia (7.6%), East Asia (7.1%), West Asia (4.1%), Eastern Europe (3.9%), Australasia (3.6%),
The arrivals from P.R. China were merely 1,371 in 1981 but have grown to 119,530 in 2010 and projected to have reached 131,607 in 2011 at a CAGR of 16.7% till 2010. In 2010, P.R. China occupied twelfth position among the tourist generating markets in India, with a 2.07% share in total arrivals. There is a positive trend in terms of arrivals from China which is also due to the fact that there is an increased trade between India and China.
Latest trend in FTA

- Foreign Tourist Arrivals during the Month of December 2011 were 0.715 million as compared to FTAs of 0.680 million during the month of December 2010 and 0.616 million in December 2009.
- There has been growth of 5.2% in December 2011 over December 2010 as compared to growth of 10.4% registered in December 2010 over December 2009.
- The growth rate of 5.2% in December 2011 is higher than the 4.7% growth rate observed in November, 2011.
- FTAs in India during 2011 were 6.29 million with a growth of 8.9%, as compared to the FTAs of 5.78 million with a growth of 11.8% during 2010 over 2009.
- The growth rate of 8.9% in 2011 for India is better than UNWTO’s projected growth rate of 4% to 5% for the world in 2011 and 7% to 9% for Asia and the Pacific.
2. Regulatory Framework

Constitutional Position of Tourism in India

India is a federal polity. The constitution of India, 1950 makes allocation of powers to the central and state governments on different subject matters. These subject matters are enumerated in what is known as the Seventh Schedule to the Constitution of India. The seventh Schedule has three lists. The Central List where all subject matters that are to be regulated by the central government such as aviation, railways and shipping are mentioned. The state list where all the subjects that are the domain of the state government on which it can legislate, and a concurrent list, where subject matters on which both the center and the state can legislate are mentioned. Tourism is not mentioned in any of the three lists under the Constitution, leaving enough space for center and state governments to work in coordination with each other on different tourism related activities.

The legal framework:

Given the allocation of powers between central and state governments, as mentioned above, there are various policies, laws, institutions, guidelines and standards in place for different tourism-related sectors that form the overall regulatory framework for tourism in India. At the institutional level, the Ministry of Tourism and Culture is the nodal Ministry for coordinating tourism related activities. The National Tourism Policy of 2002 of the Ministry of Tourism is the key policy instrument for the promotion of tourism in the country. Besides tourism being designated as industry by the Planning Commission of India in June 1982 (Seventh Plan Period), there is an implication of the Industries (Development and Regulation) Act, 1951. Furthermore, Tourism, from the legal and regulatory standpoint in India is deemed as a developmental activity, therefore all the regulations, schemes and guidelines related to the development of hotels, beach resorts, roadways, railways, aviation and security become ipso facto applicable to tourism in India. As these areas for developmental purposes are distributed between the Central and state governments as per the Federal structure of distribution of powers under the Constitution of India, different central and state level institutions and regulations are applicable to tourism activities.

A journey through a policy framework on tourism in India:

The first conscious and organized effort to promote tourism in India was made in 1945 when a committee was established by the Government under the Chairmanship of Sir John Sargent, the then Educational Adviser to the Government of India. The development of tourism was taken up in the planning process since the Second Five-Year Plan in 1956, but, the Sixth Five Year Plan marked the beginning of a new era when tourism began to be considered as a major instrument for social integration and economic development. However, it was only after the 80s that tourism activity gained momentum. Several significant steps were initiated by the Government of India. A National Policy on tourism was announced in 1982. The Tourism Policy of 1982 had limitations in as much that it did not take into account the role of the private sector and foreign investment. The 1982 Policy also did not lay adequate emphasis on domestic tourism and product development. The Policy was formulated in an environment of a closed economy. Over a span of 20 years, several policy initiatives were taken to promote tourism at
a much wider scale than previously. On the recommendations of the National Tourism Committee in 1986 (Yunus Committee), the Planning Commission decided to set up a separate financial institution for the development of tourism. In accordance with the above decision, the Industrial Finance Corporation of India (IFCI) Ltd. along with other All-India Financial/Investment Institutions and Nationalized Banks promoted a Public Limited Company under the name of "Tourism Finance Corporation of India Ltd. (TFCI)" to function as a specialized All-India Development Financial Institution to cater to the financial needs of the tourism industry. The National Committee on Tourism formulated a comprehensive plan in 1988 for achieving sustainable growth in tourism. In 1992, a National Action Plan was prepared and in 1996 the National Strategy for the Promotion of Tourism was drafted. In 1997, the New Tourism Policy recognised the roles of Central and State governments, public sector undertakings and the private sector in the development of tourism. The need for involvement of Panchayati-Raj institutions, local bodies, non-governmental organisations and the local youth in the creation of tourism facilities has also been recognised. The other important recommendations of the NTC in 1986 were also adopted and continue to be in operation during the 12th Plan period.

**National Tourism Policy, 2002: Key elements and objectives**

The core objective of the NTP, 2002 is to position tourism as a major engine of economic growth and to harness its direct and multiplier effects for employment and poverty eradication in an environmentally sustainable manner.

Some of the salient features of the National Tourism Policy are:

- The policy proposes the inclusion of tourism in the concurrent list of the Constitution to enable both the central and state governments to participate in the development of the sector.
- No approval is required for foreign equity of up to 51 per cent in tourism projects. NRI investment up to 100% is allowed.
- Automatic approval is given for Technology agreements in the hotel industry, subject to the fulfillment of certain specified parameters.
- Concession rates on customs duty of 25% for goods that are required for initial setting up, or for substantial expansion of hotels are available.
- 50% of profits derived by hotels, travel agents and tour operators in foreign exchange are exempt from income tax. The remaining profits are also exempt if reinvested in a tourism-related project.

Apart from this, the government has adopted several other measures for the promotion of tourism. A multi-pronged approach has been taken, which includes new mechanisms for the speedy implementation of tourism projects, the development of integrated tourism circuits and rural destinations, special capacity building in the unorganized hospitality sector and new marketing strategies.

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4 This was possible only after Tourism was declared as industry by the Planning Commission in 1986 (Seventh Plan Period)

5 Panchayati Raj is a system of governance in which gram (village) Panchayats are the basic units of administration. It has three levels: village, block and district. Mahatma Gandhi advocated Panchayati Raj, a decentralized form of Government where each village is responsible for its own affairs, as the foundation of India’s political system. State governments adopted this during 1950s and 60s as laws were passed to establish Panchayats in various states.
Indian Tourism Industry

Strategic Action Plan on Tourism, 2012

The Ministry of Tourism in the Government of India has recently launched a Strategic Action Plan (SAP) for the promotion of tourism. The core objectives of the Plan are to develop tourism infrastructure in the country with niche products and take measures for increasing the visibility of the Indian Tourism Sector; the development of HRD infrastructure with quality human resources in the hospitality sector; the development of hotel accommodation requirements and standards and the facilitation of quality services in the tourism industry. The SAP is a comprehensive document that identifies key priority areas for the development and planning for the next five years and draws a sector wise strategic action plan for each of these sectors. The priority development goals under the SAP are:

1. Development of Tourism Infrastructure
2. Monitoring of tourism infrastructure projects
3. Accommodation for tourists
4. Publicity and Marketing
5. Human Resource Development
6. Approval of travel trade establishments & rationalization of taxes
7. Developing new tourism products

The SAP also takes into account the need for effective monitoring that would be required for the strategic development of these areas and lays down a monitoring mechanism consisting of both state and central level government institutions that covers branding, market studies and surveys for the qualitative development of tourism. The SAP lays down a comprehensive plan for the implementation of the above mentioned priorities for the tourism sector.

Rural and Domestic Travel Development Plan and Marketing:

The Tourism Policy 2002 postulates that rural tourism is the foundation of a sustainable tourism industry for the country. The Policy realizes that the growth of global tourism is dependent on domestic tourism, which needs to be more focused on rural destinations. The Policy further realizes that with the growing interest of different countries in the intangible culture and cuisine of rural India, there is strong potential for encouraging international tourism to rural areas.

Rural Travel Development Plan:

For the promotion of rural tourism the Policy has a special focus on the development of connectivity to rural areas. As roads, railways and waterways serve as connections to culturally rich rural destinations, the development of these has been realized as an important measure within the Policy. In addition to this, there is an emphasis on the creation of integrated circuits. The States have been requested to create integrated tourism development circuits for the creation of world class infrastructure in the circuit areas.

Development of roads for connecting rural tourist destinations

Realizing that the development of inter-state highways and the improvement of rural roadways directly supports tourism, the central and state government have been carrying out the development of roadways at an enhanced pace. The Ministry of Road Transport and National Highways collaborates with the Ministry of Tourism in this regard. After the launch of the National Highway Authority of India (NHAI),
a new thrust has been added to the development of inter-state roads that lead to world heritage sites and destinations of tourism significance.

**Realizing the potential of railways:**
Railways have a tremendous potential to promote rural and domestic tourism. The unqualified success of the “Palace on Wheels” is an example to supporting this contention. Railways provide a unique experience of the indigenous flavor of the country to the domestic and international tourist alike, at an affordable rate. Realizing this uniqueness, the following measures have been taken by the railways so as to help in the development of tourism:

- **Introduction of special tourist trains** with a present itinerary and with private sector participation. In these trains coaches will be owned by the private entity that will design, build, manage and market the product. To promote financial viability and investment, accelerated depreciation is allowed for the private investor.

- **Railway Hotels**: In order to economize travel and for marketing rural destinations, Indian railways has initiated the construction of 100 railway hotels serving specific tourist centers. The Private sector is incentivized to run and operate these hotels on a long-term basis.

- **Heritage railway hotels**: Indian railways own a number of heritage structures. These structures are also being promoted as heritage accommodation places. Examples include Lucknow railway station and Church gate Mumbai.

- **Tapping the potential of Hill railways**: The government is making all necessary efforts to tap the tourist potential of heritage hill railways of Darjeeling, Nilgiri, Matheran, Kangra and Shimla which are also listed as UNESCO world heritage sites.

- **Special services in fast trains**: More tourist services in fast trains such as Rajdhani and Shatabdi are planned for the promotion of domestic tourism.

- **Waterways**: In addition to roadways and railways, the potential of 7,000 km of India’s coastline is also being explored for the development of domestic tourism. A circuit comprising Mumbai, Goa, Lakshadweep, Kochi, Colombo and the Maldives has been identified by the cruise operators in India to explore the travel potential for tourists.

**Marketing for the development of Rural Tourism:**

Marketing for rural and domestic tourism is being done with a competitive bent. The current marketing tools that have been identified in the policy and which are being used constitute the following:

- Developing a national and state marketing brand that cannot be held by a competitor. Examples include Incredible India, and Heart of Incredible India (MP Tourism) Brands.
Marketing for tourism also includes undertaking extensive qualitative and quantitative market research program in the target source markets.

Implementation of cost effective marketing and promotion programs is also carried out with the help of state and private sector participation.

Of special significance is the implementation of village tourism programs that primarily target urban tourists and international market.

Marketing is also conducted by establishing an effective and ongoing market representation presence in the travel trade, in source markets.

Development of internet portals in local languages and to connect a chain of suppliers with these portals is also one of the strategies that is being followed in the promotion and marketing.
**Schemes and Programs to promote Rural Tourism:**

With the objective of showcasing rural life, the Ministry of Tourism started a scheme in 2002-03 to promote rural tourism. The objective of the Scheme is to showcase rural life, art, culture and heritage at rural locations and in villages, which have core competencies in art & craft, handloom, and textiles as an asset base in the natural environment. The promotion of village tourism is also aimed at generating revenue for the rural communities through tourist visits, thereby controlling the exodus from rural to urban areas. The Scheme consists of what is known as Hardware (HW) and Software (SW). HW constitutes infrastructure development and SW constitutes capacity building exercises. The HW components of the rural tourism projects (RTPs) have been provided funds from the plan scheme ‘Product/ Infrastructure development for destinations and circuits’ (PIDDC). The SW components of RTPs have been funded from GOI-UNDP Endogenous Projects scheme. As at 28 February 2011, rural tourism sites in 28 States/Union Territories have been sanctioned by the Ministry of Tourism. The Village Level Council (VLC) is the interactive forum for local community participation in work plan implementation of the projects, further supported by other community-level institutions.

**Marketing of Rural and Domestic Tourism: Schemes and Strategies**

**Marketing through Media and Social Campaigns**

The Marketing of Domestic Tourism is achieved through various mechanisms. The Ministry of Tourism has employed various innovative ways such as a Radio Campaign, Outdoor Campaigns on Airport sites, bus shelters, metro stations, Social Awareness Campaigns and Television Campaign for promoting domestic tourism. In December 2010, the Ministry released campaigns on Doordarshan (Official TV Channel of Ministry of Information and Broadcasting) and leading television channels to promote tourism to the North East Region. A campaign to promote the state of Jammu & Kashmir as a tourist destination was also released on Doordarshan and leading television channels in February 2011.

**Use of the Internet for promoting tourism: Incredible India Online Campaign**

The Internet is also being used as an effective medium for promoting tourism. A domestic online campaign was launched in August-September, 2010 to promote tourism within the country. Central Financial Assistance is being provided by the Ministry to the State Governments/Union Territories for the development of Information Technology infrastructure and computerisation.
Other Promotional measures:

Promotion by other means includes:
- Production of India Map
- India Brochure
- City maps for distribution
- Thematic posters to promote various tourism products and destinations of India
- ‘Incredible India’ promotional calendar for the year 2011.
- Radio Jingles
- Two TV commercials along with two radio spots were produced on Social Awareness themes. The commercials featured Shri Aamir Khan, noted film actor and social activist.
- The Ministry produced 5 regional creatives for release in the domestic market.
- The Ministry of Tourism also released advertisements in the domestic in-flight magazines in addition to adhoc advertisements in various magazines.

Guidelines and standards for different stakeholders in the tourism industry

The Ministry of Tourism plays a central role in the development of Guidelines and standards for different stakeholders in the tourism industry. The Directorate of Tourism is another designated agency of the Ministry that plays a crucial role in setting standards for the star rating of hotels. Standards for different stakeholder and Hotels bring the major stakeholders in the tourism industry within the classification and rating of hotels. The Hospitality Promotion and Development Board (A crucial arm of the Ministry of Tourism) plays an important role in establishing standards for various stakeholders in the tourism industry.

Laying down of Standards during Grant of Approvals and Classification for Hotels

The Ministry has created an institutional mechanism for ensuring standards are in place. These standards are ensured while granting approval and rating the hotel industry. All the services therein are accordingly regulated and monitored.

Hotel and Restaurant Approval and Classification Committee (H RACC)

To conform to these standards, the Ministry of Tourism through a dedicated institution by the name Hotel and Restaurant Approval and Classification Committee (introduced in 1994) classifies hotel and restaurants on the basis of facilities and standards that these places offer from the point of view of suitability for international tourists. The Ministry of Tourism (HRACC) classifies hotels under the star system in seven categories, from One to Five Star, Five Star Deluxe and Heritage Hotels.

Guidelines for the ‘Approval of Hotel Projects’ and also for the ‘Classification of Star Category Hotels’ 2009.

The Ministry of Tourism has formulated guidelines for the approval and classification of star categories for hotels. These guidelines establish the following protocols for star rated hotels and restaurants

i) Issues related to eco-friendly
ii) Energy saving measures
iii) Security and safety concerns.

Some of the new features include the following:
(i) Measures and facilities to address the requirements of the differently-abled persons
(ii) Existing classified hotels and new projects have to adopt environmentally friendly practices.
(iii) Segregation of smoking and non-smoking areas in hotels has to be made in order to comply with other requirements of the provisions under “The Cigarettes and other Tobacco Products (Prohibition of Advertisement and Regulation of Trade and Commerce, Production, Supply and Distribution) Act, 2003.”

(iv) Classified hotels require implementing measures to address the safety and security concerns viz. X-ray machines for baggage, CCTV, under-belly scanners for vehicles, verification of staff & service providers, hand and baggage scanners, etc. To expedite the ongoing process of classification/re-classification of functioning hotels in one to three star categories, five Regional Committees have also been set up in Delhi, Mumbai, Kolkata, Guwahati and Chennai to conduct inspection.

Formulation of Results Framework Document for the effective classification of hotels:
In order to process applications for classification of hotels in a time-bound manner, the Ministry of Tourism has committed, in its Results Framework Document (RFD), to ensure that all cases of classification are inspected within three months from the date of application, if complete in all respects. Through this mechanism, it is ensured that there is no delay in conducting the inspections. On the basis of these guidelines and the RFD the following are the standards and criteria in place.

Guidelines for approval of Stand Alone Restaurants
The Ministry of Tourism has formulated guidelines to ensure quality and standards of food in standalone restaurants so as to serve international tourists authentic food and a variety of cuisines, particularly cuisines of different States in the country that extend an enriching tourism experience.

Guidelines for Apartment Hotels
With a view to providing standardized, world class services to tourists, the Ministry has introduced a voluntary scheme for the classification of fully operational Apartment hotels in the five star deluxe, five star, four star and three star categories.

Guidelines Approval of Guest Houses
The Ministry reviewed and revised the guidelines for the approval of Guest Houses during December 2009 to meet certain standards of cleanliness, hygiene and upgraded facilities and practices. The revised guidelines have been aimed to address the changing requirements and safety and security concerns. Emphasis has been laid on measures for Cleanliness, Health, Hygiene and Pest Control. Guest Houses and other types of accommodation units can fall under such a scheme if they meet certain standards of facilities and services.

Voluntary Scheme for Approval and Classification of Timeshare Resorts
In view of the growing popularity of vacation ownership for leisure holidays and family holidays of tourist accommodation, known as Timeshare, the Ministry has introduced a voluntary scheme for classification of Timeshare Resorts (TSRs) into three-star, four star and five star categories.
Incredible India Bed & Breakfast/Home stay Scheme

This scheme offers foreign and domestic tourists an opportunity to stay with an Indian family and enjoy the warm hospitality and a taste of Indian culture and cuisine in a clean and affordable place. With a view to encouraging the growth of such establishments and also to simplify the procedure of approvals, the Ministry of Tourism has recently reviewed the scheme and has simplified the guidelines by amending certain protocols.

Prior Approval of Convention Centers

Meetings, Incentives, Conferences and Exhibitions (MICE) are important segments of the tourism industry. In order that the Convention Centers cater to international standards, the Ministry of Tourism grants approval to Convention Centers satisfying certain criteria.

Voluntary Scheme for Classification of Tented Accommodation

To meet the increasing demand of tourists for camping facilities and tented accommodation, the Ministry of Tourism has introduced a voluntary scheme for project approval and classification of operational tented accommodation in two categories, viz. Standard and Deluxe.

Caravan Policy

The Ministry of Tourism has recently introduced a Caravan Policy. Caravans are specially built vehicles used for the purpose of travel, leisure and accommodation. They include Recreational Vehicles (RV), Camper vans, Motor Homes etc. Caravans are unique tourism products that promote family oriented tours in circuits / destinations, which do not have adequate hotel accommodation. One of the essential prerequisites for Caravan tourism is the presence of sufficient Caravan Parks in the identified circuits. A Caravan Park is a place where Caravans can stay overnight in allotted spaces. Such earmarked spaces should provide basic or advanced amenities and facilities for the Caravans and the tourists. Under the policy, the Ministry has issued Guidelines that provide for Central Financial Assistance to State Governments / Tourism Corporations for developing Caravan Parks.

Regulatory Environment for Financial and Fiscal Incentives on Tourism

As a consequence of economic restructuring and the liberalization of policies, the tourism industry of India has been declared a priority sector for foreign investment. The horizons for foreign investment in the tourism sector have been widened and it has been eligible for automatic approval of foreign direct investment up to 51 per cent of the equity. Higher foreign equity participation in specific cases is also allowed on a case-by-case basis. Non-resident Indian investment of up to 100 percent is allowed. Automatic approvals are given for foreign technology agreements and management contracts within specified parameters. In the delivery of services, Tourism has been given the status of an industry and several incentives have been made available, both by the central and state governments. The incentives provided by the central government include:
• An interest subsidy of 3 per cent on loans from financial institutions is available for hotel projects in the one-star to three-star categories outside metropolitan cities. A subsidy of 5 per cent is available for such hotel projects if they are located within the travel circuits and destinations identified for intensive development under the National Action Plan for Tourism. Heritage Hotel projects are eligible for a 5 per cent interest subsidy.

• As a fiscal incentive, 50 per cent of the foreign exchange profits derived by hotels, travel agents and tour operators is exempt from income tax. The balance in foreign exchange is also exempt provided it is reinvested in tourism projects.

• Hotels located in rural areas, hilly areas and places of pilgrimage are allowed an income tax exemption of 50 per cent on their profits. Hotels located in other areas are allowed a 30 per cent exemption. This privilege is not, however, applicable to hotels located in metropolitan cities.

• Imports of special items for the hotel industry are permitted, subject to import entitlement. Concessional customs duty rates are charged for imports of specified goods required in the initial setting up or substantial expansion of hotels.

• An Export Promotion Capital Goods Scheme has been introduced for the service sector. The scheme includes hotels and restaurants, travel agents and tour operators. Under the scheme, capital goods can be imported at a concessional duty rate of 10 per cent, subject to the fulfillment of an expert obligation over a period of time.

Other Financial Incentives: (11th Five-Year Plan, 2007-12)

- The Reserve Bank of India (RBI) has de-linked credit for hotel projects from commercial real estate, thereby enabling hotel projects to access credit at relaxed norms and reduced interest rates.
- A Five-Year Tax Holiday had been announced to new hotels of two, three and four star category hotels and Convention Centers in 2007-08 under the Income Tax Act coming up between 1st April, 2007 and 31st March, 2010 in the NCT of Delhi and some neighbouring districts of the National Capital Region (NCR).
- Further, a Five-Year Tax Holiday for all hotels of 2, 3 and 4 star categories located in all UNESCO declared World Heritage sites (except Mumbai and Delhi) was also announced for hotels which start operating with effect from 1st April, 2008 to 31st March, 2013.
- An investment linked deduction Under Section 35 AD of the Income Tax Act was announced in the Union Budget 2010-2011 for establishing new hotels of 2 star categories and above, all over India thus allowing 100% deduction in respect of the whole or any expenditure of a capital nature excluding land, goodwill and financial instruments, incurred during the year.

Role of the Ministry of Tourism
The Ministry of Tourism is the nodal agency for formulating national policies and programs for the development and promotion of tourism. In the process, the Ministry consults and collaborates with other stakeholders in the sector including various Central Ministries/ agencies, the State Governments/ Union Territories and the representatives of private sector. The Directorate General of Tourism, which is an attached office of the Ministry, has 20 field offices within the country and 14 overseas offices. It also has
one subordinate office/project namely the Indian Institute of Skiing and Mountaineering (IISM)/established under the Gulmarg Winter Sports Project (GWSP). The IISM conducts various ski and other courses in the Jammu & Kashmir Valley. The overseas offices promote Indian tourism in markets abroad.

The domestic field offices are sources of tourist information. They are also responsible for monitoring the progress of implementation of field projects by the State Governments in their respective jurisdictions. The India Tourism Development Corporation (ITDC) is the only public sector undertaking under the charge of the Ministry of Tourism.

The Ministry also has the following autonomous institutions:
1. Indian Institute of Tourism and Travel Management (IITTM).
2. National Institute of Water Sports (NIWS) which has merged with the IITTM.

These institutions are covered in detail in subsequent chapters.

**Functions of the Ministry of Tourism**

The Ministry of Tourism has the following main functions:

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<tr>
<td>b. Incentives</td>
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<td>c. External Assistance</td>
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<td>d. Manpower Development</td>
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<td>e. Promotion &amp; Marketing</td>
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<td>f. Investment Facilitation</td>
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<td>g. Growth Strategies</td>
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<tr>
<td>(v) Legislation and Parliamentary Work</td>
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<tr>
<td>(x) Overall Review of the Functioning of the Field Offices</td>
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</table>
The Directorate General of Tourism is responsible for the following functions:

(i) Assistance in the formulation of policies by providing feedback from the field offices
(ii) Monitoring plan projects and assisting in plan formulation
(iii) Co-ordinating the activities of the field offices and their supervision

(iv) Regulation:
   a. Approval and classification of hotels, restaurants, Incredible India Bed & Breakfast (IIB&B) units
   b. Approval of Travel Agents, Tour Operators and Tourist Transport Operators, etc.

(v) Inspection and Quality Control:
   a. Guide service
   b. Complaints

(vi) Infrastructure Development:
   a. Providing incentives
   b. Tourist facilitation and information
   c. Field publicity, promotion & marketing
   d. Hospitality programmes
   e. Conventions & conferences

(vii) Human Resource Development:
   a. Developing HRD Institutions
   b. Setting standards and guidelines


(ix) Assistance for Parliamentary Work

(x) Establishment matters of the Directorate General of Tourism as well as of the Ministry of Tourism.
Safety standards for hotels, tourism sites

Code of Conduct for “Safe & Honourable Tourism”

Suraksha: Safety is one of the five cardinal principles identified in the tourism Policy. For ensuring highest safety standards, the Ministry of Tourism adopted the Code of Conduct for “Safe & Honourable Tourism” on 1st July, 2010. This initiative has been taken essentially to strengthen the critical pillar of Suraksha (Safety) envisaged in the National Tourism Policy and to ensure that Indian tourism follows international standards of safe tourism practices, applicable for both tourists and local residents. The Code has been formed to sensitize travelers and the travel industry, prevent exploitation, specifically of women and children, and to make India a safe & honorable tourism destination.

The specific objectives of this code are:-

1. To encourage tourism activities to be undertaken with respect for basic rights including dignity, safety and freedom from exploitation, of both tourists and local residents, i.e., local people and communities who may be impacted by tourism in some way.
2. Aid in the prevention of prostitution, sex tourism and forms of sexual exploitation such as assaults and molestations to safeguard the safety of persons, in particular, women and children.
3. To enhance the prevention of activities including forced or involuntary drug use, manipulated and incorrect information, cultural and social intolerance this could increase vulnerability to crime.
4. The Code of Conduct has been adopted by all tourism service providers so as to ensure protection of our culture, values and heritage for long-term sustainable and responsible tourism within India.

Other safety measures with the use of Information Technology:

The Ministry of Tourism has also taken issue regarding the use of GPS and Satellite phone by bonafide adventure tour operators so as to ensure that the safety standards are of international standards.

Approval Mechanism of Hotels has embedded safety norms:

The Ministry reviewed and revised the Guidelines for the ‘Approval of Hotel Projects’ and also for the ‘Classification of Star Category Hotels’ during July 2009. The revised Guidelines have addressed issues related to the safety and security of tourists. Specifically, the Guidelines envisage the following:

- Classified hotels are required to implement measures to address the safety and security concerns viz. X-ray machines for baggage, CCTV, under belly scanners for vehicles, verification of staff & service providers, hand and baggage scanners, etc. To expedite the ongoing process of classification/re-classification of functioning hotels in one to three star categories, five Regional Committees have also been set up in Delhi, Mumbai, Kolkata, Guwahati and Chennai to conduct inspection.
Establishment of Tourist Police for ensuring Tourist Security at the Local level

The Ministry of Tourism, in consultation with State/UT Administrations has proposed to establish Tourist Police at prominent tourist spots. Some State Governments have deployed Tourist Police in one form or another. For the safety and security of tourists, the guidelines for the formation of Tourist Security Organization(s) comprising ex-servicemen were formulated by the Ministry of Tourism in consultation with the Ministry of Defence and the Directorate General of Resettlements and forwarded to State Governments / Union Territory Administrations in May, 2008. While a few of the State Governments have taken initiatives to deploy ex-servicemen as Tourist Security personnel or have separately earmarked Tourist Police, the Ministry of Tourism is contemplating launching a scheme of Central Financial Assistance for having the Tourist Facilitation Security Organization (TFSO) at identified tourist destinations for all the States and Union Territories.
3. Structure of the Indian tourism industry

- Most of the players in the tourism industry are small and medium enterprises (SMEs). The unorganised sector dominates the industry in India. Hotels, airline companies, and tour operators form the organised sector.

- Specialist travel service providers assist tourists with travel arrangements. These providers include travel agencies who are involved in the retailing of travel products directly to the tourists (individuals or groups). They provide information on different travel destinations and advise customers on travel plans. They also sell associated products such as insurance, car hire, and currency exchange.

- Business travel agencies specialise in making travel and accommodation arrangements for business travellers and promoting the conference trade. The tour operators provide packages for individuals while the principals provide basic travel and tourism related services.

- Tour operators offer holiday packages which comprise travel (road, rail, sea, air as well as to and from the destination airport, car hire, excursions, etc) and accommodation (hotels, guesthouses, apartments, etc) services.

- Transport service providers could be airlines, cruise lines, car rentals, and rail companies. Accommodation could be hotels and motels, apartments, camps, guest houses, lodge, bed and breakfast establishments, house boats, resorts, cabins, and hostels. In addition, tourists also require catering facilities, which a variety of outlets for food and refreshments offer. These include hotels, local restaurants, roadside stalls, cafeterias, and retail outlets serving food and beverages.
Another major component of the travel and tourism industry is ‘attractions’ such as theme parks and natural attractions including scenic locations, cultural and educational attractions, monuments, events, and medical, social or professional causes.

The tourist information and guidance providers include a number of service providers such as those offering insurance, recreational, communication, and banking services; government agencies; tour guides; industry associations; packaging agents; ticketing agents; and holiday sellers.

**Hotel Industry Structure**

![Hotel Industry Structure Diagram]
### Employment Intensity & Profile of People in Hotels:

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Employment Intensity*</th>
<th>Profile of people employed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Five-Four star/ Heritage hotels</td>
<td>174</td>
<td>Mostly highly trained/skilled with a hotel management degree/ diploma</td>
</tr>
<tr>
<td>Three-Two &amp; One-Star Hotels</td>
<td>122</td>
<td>Managers &amp; supervisors are generally highly trained/skilled. Junior staff are just graduates or even SSC pass/dropouts</td>
</tr>
<tr>
<td>Other Hotels in the unorganised Sector</td>
<td>22</td>
<td>Very few trained staff. Most of the employees consist of untrained persons</td>
</tr>
</tbody>
</table>

*Employees per 100 rooms

Source: NSDC Report.

There is a huge difference in terms of employment intensity when it comes to star rated hotels and unorganized sector hotels. Star rated hotels have 5-8 the times employment intensity as compared to unorganized sector hotels. This also leads to a difference in the quality of service. Higher employment intensity results in better quality of service as well as higher tariffs. Indian hotel industry caters to all kinds of customers from elite with the star rated hotels to the budget traveler with the unorganized sector hotel. These unorganized sector hotels do not offer high quality services but their tariffs are lower which suits a certain customer group.
## Tourism in the 21st Century:

<table>
<thead>
<tr>
<th>Types of Tourism</th>
<th>Current Scenario</th>
<th>Government Initiatives</th>
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<tbody>
<tr>
<td><strong>Rural Tourism</strong></td>
<td>Till February 2011, 169 rural tourism sites in 28 States/Union. Territories have been sanctioned by the Ministry of Tourism.</td>
<td>The Ministry of Tourism started the Rural Tourism scheme in 2002-03. Physical infrastructure development has been funded from the Product/Infrastructure development for destinations and circuits (PIDDC) scheme. Capacity building activities have been funded from the Government of India-UNDP Endogenous Projects scheme during 2004-05 and 2005-06. In 2006-07 it was funded from the plan scheme Capacity Building for Service Providers (CBSP).</td>
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<tr>
<td><strong>Ecotourism</strong></td>
<td>India, the land of varied geography offers several tourist destinations that not just de-stress but also rejuvenate. Thenmala in Kerala is the first planned ecotourism destination in India created to cater to the Eco-tourists and nature lovers. Currently, there are about 80 national parks and 441 sanctuaries in India, which work for the protection and conservation of wildlife resources in India</td>
<td>The Ministry of Tourism launched its <strong>Ecotourism Policy &amp; Guidelines in 1998</strong> which have been formulated “to ensure regulated growth of ecotourism with its positive impacts of environmental protection &amp; community development”. The Ministry of Tourism has included categories of awards &quot;Best Eco friendly Hotel&quot;, &quot;Best Responsible Tourism Project&quot;, &quot;Best Eco friendly Practices by Tour Operators&quot; in the National Tourism Awards presented annually. The Ministry of Tourism organized a 2 day workshop on Sustainable Tourism Criteria for India, in July 2010 in New Delhi.</td>
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<td></td>
<td>India's share of the global medical tourism industry is expected to reach around 2.4% by the end of 2012. Medical tourism is expected to generate revenue of US$ 2.4 Billion by 2012, growing at a CAGR of</td>
<td>The Ministry of Tourism, Government of India, has introduced the medical visa (Mvisa), specifically to facilitate inbound medical tourism. Mvisas were earlier valid for six months but now the validity has been extended to three years. MXvisa is granted to the spouse/children or blood</td>
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*The Ministry of Tourism, Government of India, has introduced the medical visa (Mvisa), specifically to facilitate inbound medical tourism. Mvisas were earlier valid for six months but now the validity has been extended to three years.*
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<tr>
<th>Medical Tourism</th>
<th>over 27% during 2009-2012. The number of medical tourists is anticipated to grow at a CAGR of over 19% in the forecast period to reach 1.1 Million by 2012. relations of the patients. The National Health Policy recognizes the treatment of international patients as an export, allowing private hospitals treating international patients to enjoy the benefits of lower import duties, an increase in the rate of depreciation (from 25 per cent to 40 per cent) for life-saving medical equipment and several tax sops.</th>
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<tr>
<td>Adventure Tourism</td>
<td>Adventure tourism is increasing year after year with the development of facilities and greater awareness about adventure tourism options. The National Institute of Water Sports, based in Goa, is getting a new building and facilities are being upgraded for training in water sports activities The Ministry of Tourism has issued Guidelines for the Approval of Adventure Tour Operators, which is a voluntary scheme. The Ministry of Tourism has also formulated a set of guidelines on Safety and Quality Norms on Adventure Tourism as basic minimum standards for adventure tourism activities. Central Financial Assistance is being extended to various State Governments/ Union Territory Administrations for development of Tourism Infrastructure. The Ministry is working with the Indian Mountaineering Federation and Adventure Tour Operators Association of India to explore positioning India as an Adventure Destination. Efforts are being made to introduce training courses for adventure guides in IHMs/ IITTM and the introduction of adventure tourism as a subject in tourism institutes.</td>
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<td>Sports Tourism</td>
<td>Sports tourism has become popular after the Commonwealth Games 2010, the Cricket World Cup 2011, Formula One, etc. Foreign Tourist Arrivals to India in October 2010 increased by 9.2 per cent (about 0.487 million tourists) The Kolkata Polo Club is the In order to promote golf tourism the Ministry of Tourism organized a workshop in January, 2011 in New Delhi on the “Promotion of Golf Tourism”. A marked increase is observed in the number of tour operators and agents specializing in servicing the requirements of this particular segment.</td>
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<tr>
<td>Cruise Tourism</td>
<td>The oldest Polo club in the world at 150 years. Therefore Polo can rightly be termed as one of the &quot;Heritage Sports&quot; of India.</td>
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<tr>
<td>Cruise Tourism</td>
<td>A Steering Committee Chaired by the Secretary (Shipping) and comprising senior officers of the Shipping and Tourism Ministries was constituted in January, 2010 to address issues related to Cruise Shipping. Major Ports, namely Goa, Chennai, Mumbai and Mangalore have been identified for the development of cruise terminals by this Committee.</td>
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<tr>
<td>Wellness Tourism</td>
<td>India has been ranked in the top 20 list of top spa countries worldwide, with 2,359 operational spas. The industry is estimated to have generated around $384 million annually and employs about 22,175 people.</td>
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<tr>
<td>Wellness Tourism</td>
<td>The Ministry of Tourism has also launched a scheme for Large Revenue Generating Projects to remove shortcomings of budgetary resources for projects involving higher degrees of investment in tourism infrastructure. The Ministry of Tourism also provides Central Financial Assistance (CFA) to State Governments/ Union Territories for infrastructure development and promotion of tourism including River Cruising.</td>
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<tr>
<td>MICE</td>
<td>Inbound MICE Tourism is The Government of India has decided to extend the Marketing Development Assistance Scheme (MDA), administered by the Ministry of Tourism, Government of India, provides financial support to Wellness Tourism Service providers.</td>
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6 National Accreditation Board for Hospitals & Healthcare Providers (NABH) is a constituent board of Quality Council of India, set up to establish and operate accreditation programmes for healthcare organizations. The board is structured to cater to the needs of the consumers and to set benchmarks for the development of the health industry.
Incentive Travel: A growing trend in Indian outbound business travel

The business travel segment, inclusive of MICE travellers, is expected to be the biggest growth area for the future due to India’s growing trade and investment relations with the world. In the past couple of years, the Indian incentive market has experienced rapid growth as a result of India’s growing economy. The Indian outbound incentive market is growing at approximately 12% per year as reported by the Indian Ministry of Tourism.

The trends in incentive travel are changing now. Earlier, incentive travel meant sending dealers, distributors and employees to Bangkok or Kuala Lumpur for fun. But today, companies want to include productive events such as conferences where company strategies can be discussed at the same time. Furthermore, companies are now looking for quality packages and no longer asking for the cheapest deals.

Choice of destination is also changing as companies are looking for alternative destinations for incentive travel. However, budget is still a major consideration since incentive travel is based on volume and not yield. Consequently, incentive travel has spread to Europe, Egypt, Turkey and Greece.

Certain tourist boards, such as the Singapore Tourism Board, have been successful in influencing incentive group movements into the countries they represent. They regularly interact with incentive travel planners by updating them with information regarding their destinations, informing them about the line-up of new events and organizing road shows to introduce new products and suppliers. Consequently, these destinations get to be promoted more often because getting information from the respective tourist board is easier.

Here lies an opportunity for countries like China to attract Indian business travellers for incentive travel. China can be an interesting destination for incentive travel as it is also a very important country for the Indian business community as far as trade is concerned.

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The Indian Convention Promotion Bureau (ICPB) is a management oriented organization that has been promoting and establishing India as a preferred MICE (Meetings, Incentives, Conventions & Exhibitions) destination. It draws its membership from the length and breadth of the hospitality industry as well as other private and government organizations involved directly and indirectly in MICE tourism. For the past 25 years, under the direction of the Ministry of Tourism, Government of India, ICPB has been providing free information and infrastructure assistance to its members in organizing and hosting many successful international conferences and conventions, and bringing MICE business from around the world to the country.


With the huge size of the tourism industry and the diversity of stakeholders involved, there exists a need for industry specific and stakeholder specific bodies to promote the industry. In India there are various industry associations that take care of tourism industry as a whole. Apart from industry there are also stakeholder specific bodies which include the Travel Agents Association of India (TAAI), the Indian Association of Tour Operators (IATO), the Federation of Hotel & Restaurant Associations of India (FHRAI), etc. These associations act as a connection between the stakeholders, which are primarily private enterprises, and the government. These associations are actively working towards seeking better privileges, policies, and concessions for the sector. These associations, through their own research facilities, are abreast of the latest trends, government policies/notifications, safety standards, guidelines, procedures, etc. This information is continuously passed on to their members and helps them to match the standards and government regulations.

The associations act as a forum for the members to raise their concerns and suggest policies to the government for the betterment of the industry. They are aggregates of industry that make representation to the government in such a way that the public sector listens. The travel and tourism segment creates not only foreign exchange but also offers huge employment opportunities, so the industry players need to have a say when it comes to policy formulation on issues like taxation, infrastructure, etc. The team structure at associations is generally consisting of Private Industry players and industry experts (academic). For example in the Hotel Association of India (HAI), the executive committee consists of hotel owners on one hand and hard-core professionals of hotel managers on the other i.e. from Industry veterans to budding hoteliers.

**Key findings from the industry associations:**

- The main objectives of industry associations are to
  - Lobby the Government to help in active participation in decision making, prior to the enacting of new laws and policies.
  - Promote tourism-related business through useful interaction between business enterprises and government, organising regular meetings and cultural and social activities.
  - Act as a voice for private players within the government space and ensure a fair regulating mechanism from the government end.
  - Promote and communicate government regulations and standards to ensure professional attitudes from industry players.
- Maintain close connections and constant interaction with other Tourism Associations in other countries thus increasing their international networking with professional bodies.
- To become active in other lawful acts, as is necessary for and/or incidental to the attainment of the aims and objectives of the society.

- The associations comprise members from the industry which may include heads of key private enterprise in that particular segment. For example, the President of the Indian Association of Tour Operators (IATO) is the head of Stic Travels Private Limited. Similarly, the President of the Federation of Hotel & Restaurant Associations of India (FHRAI) is the Director of Barot Hotels Pvt. Ltd. The working committee or the executive committee is headed by the President followed by the Vice President and Secretary General. Other key figures from industry would form part of the member council. Most of these individuals are on honorary basis. However, there are 2-5 office bearers also who run day to day administrative functions and work on a salary basis.
- Since the associations' business model is based on membership, they sustain themselves on membership fee which vary within an association. The membership fees within an association depend upon the size, in terms of revenue, of the member enterprise. Those enterprises with higher revenues pay higher membership fee. This membership fee is paid annually.
- However, other sources of income for associations come from sponsorship by the relevant players/government at the time of events. Example, a tourism fair by IOTA would generate a significant amount of sponsorship from private tour operators as well from government departments. There are some events which are completely sponsored by the Ministry of Tourism.

### Industry Associations in Tourism Industry in India

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<tr>
<th>Name</th>
<th>Objectives</th>
<th>Role/ function</th>
<th>Membership Fee</th>
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| Travel Agents Association of India (TAAI) | ● The primary purpose is to protect the interests of those engaged in the industry and also to promote the industry in order to ensure growth of the industry.  
● The association also works towards safeguard the travelling public from exploitation by unscrupulous and unreliable operators. | It constantly aims at improving the standard of service and professionalism in the industry so as to cater to the needs of the travellers and tourists from within India and overseas.  
TAAI is a nodal association which maintains high ethical standards within the travel trade.  
TAAI is engaged in promoting mutual cooperation among the different segments of the travel and tourism industry. | **Active member:** Rs. 6,618/- as Entrance and Rs. 6,618/- as an Annual Fee.  
**Branch Associate Member:** Rs. 3,309/- as Entrance and Rs. 3,309/- as an Annual Fee.  
**Allied Associate Member:** Rs. 3,309/- as Entrance and Rs. 3,309/- as an Annual Membership Fee  
**Overseas Associate Member:** Rs. 7,268/- as Entrance and Rs. 8,923/- as an Annual Fee. |
| Indian Association of Tour Operators (IATO) | • The association works towards promoting, encouraging and assisting in the development of tourism throughout the country and to take initiatives to secure the welfare of the Tourism Trade in all respects.  
• IATO also organizes overseas promotions  
• It assists students with scholarships in the field of tourism.  

|   | It constantly liaises with different government bodies in order to make sure no activity is detrimental to the travel industry.  
|   | It forms a unified association of tour operators working for the promotion of tourism.  
|   | It Communicates with Chambers of Commerce, Public Bodies in India, Government departments or Committees, the International Air Transport Association and various foreign and local associations and corporations, companies and concerns and promotes measures in the interests of the travel trade and nominates members to act on them.  

|   | Fees include membership fees, annual subscription and monthly lunch charge and service tax.  
| Active Member: Delhi/ NCR | Rs.13,788  
| Active Outside: | Rs. 11,030  
| Allied Member: Delhi/ NCR | Rs.13,236  
| Allied Outside: | Rs.10,479  

| Federation of Hotel & Restaurant Associations of India (FHRAI) | • The association works towards encouraging, promoting and protecting by lawful means the interests of the Hotel and Restaurant Industry.  
• It considers policies, guidelines, legislations, by-laws and regulations that affect the Industry and discuss with Government authorities and initiate, support or oppose by lawful means legislations or regulations by various means.  
• They advise and inform members about national and international matters pertaining to the Industry and disseminate statistical and commercial information through surveys and research.  
• FHRAI assists in affording training  

|   | Provides an interface between the Hospitality Industry, Political Leadership, Academics, International Associations and other stake holders.  
|   | FHRAI is committed to the progress of the Industry through various activities including education and training, research and publication, Annual Convention to promote interaction with Government officials, political leaders and stake holders of the Industry.  

|   | Membership fees depend on the category:  
| Hotels:  
5-Star | Rs10,990  
4-Star and 3-star, Heritage | Rs7,325  
2-Star, 1-Star, and unclassified | Rs. 5,850  
| Restaurants :  
(more than 200 seats) | Rs17,609.40  
| Associate membership : | Rs14,140.4  
| Annual membership fees depend on the number of rooms (hotels) and the number of seats (restaurants) |  


<table>
<thead>
<tr>
<th>Indian Tourism Industry</th>
<th>CNTO</th>
</tr>
</thead>
</table>
| Indian Association of Amusement Parks & Industries (IAAPI) | facilities for the Hospitality sector.  
  - They also convene national and international conferences in the interest of the Hospitality Industry. 
  - IAAPI promotes, encourages, protects and safeguards the interests of the amusement park industry.  
  - IAAPI conducts various activities including training programs, annual meets, trade show and publishes its quarterly industry journal 'Thriller' to give an update on all the various happenings in the amusement industry. 
| An apex body representing the interests of a diverse range of amusement, leisure and entertainment businesses in India.  
IAAPI influences decision of the policy makers, investors and the fraternity which should lead in an ever growing amusement industry. | Ordinary members:  
Entry fee: Rs.2,500  
Annual subscription:  
1 year: Rs. 5,000  
3 years: Rs. 12,000  
5 years: Rs. 17,000  
Associate Indian:  
Entry fee: Rs.2,500  
Annual subscriptions:  
1 year: Rs. 4,000  
3 years: Rs. 10,000  
5 years: Rs. 15,000  
Foreign associates:  
Entry fee: US$ 70  
Annual subscription:  
1 year: US$ 100  
3 years: US$ 270  
5 years: US$ 375 |
| Travel Agents Federation of India (TAFI) |  
- TAFI safeguards the interests of the travelling public and maintains high ethical standards within the travel trade.  
- It also works on communication and awareness about regulations.  
| Regulates the Indian travel business keeping close coordination with the set of strong business ethics and code of conduct.  
In present times, TAFI has a membership of over 1,400 renowned names from the | The entrance fee for all members is Rs 5,000. The annual subscription fee is as follows:  
**Chartered Members**  
Rs. 3,125  
**Active Members**  
Rs. 3,125  
**Allied Members**  
Rs 1,563 |
### Association of Domestic Tour Operators of India (ADTOI)

- They protect the interests of those engaged in the industry.
- To ensure compliance of Rules, Regulations and Guidelines sent by the Consulates, Government Authorities, Airlines etc.
- It aims to consolidate the efforts of all those tour operators who are actively engaged in the promotion of "Domestic Tourism" in the country.
- It establishes channels of communication and liaison with the Department of Tourism, Govt. of India, State and other public and private travel industry.

<table>
<thead>
<tr>
<th>Membership Type</th>
<th>Fee Structure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Associate Member</td>
<td>Rs. 6,180</td>
</tr>
<tr>
<td>Affiliate Member</td>
<td>Rs. 5,618</td>
</tr>
<tr>
<td>Overseas Members</td>
<td>Rs. 7,865</td>
</tr>
<tr>
<td>Honorary Members</td>
<td>nil</td>
</tr>
</tbody>
</table>

- ADTOI co-ordinates with the Ministry of Tourism and other related Central and State Ministries in their endeavour to create three essential pre-requisites for Domestic Tourism Development in the areas of improvement of facilities - "SUVIDHA, SURAKSHA and SOOCHNA".
- It establishes relations between tour operators, travel agents and related persons and organizations in the tourism industry.
- It formulates a uniform code of conduct to govern the procedure of booking, confirmations, payments, refunds, cancellations, no-shows, changes, pre-ponements and postponements, retention charges, commission and discounts.
- It establishes channels of communication and liaison with the Department of Tourism, Govt. of India, State and other public and private travel industry.

- TAFI is a member of two of the most reputed trade organizations - UFTAA (United Federation of Travel Agents Associations) and WTAAA (World Travel Agents Associations Alliance).
bodies; and takes all necessary steps to promote and develop domestic tourism in India.

- The association also promotes environment protection, cultural exchange and national integration in the territory of India.
- It educates the traveller about the importance of eco-friendliness and promotes the cause of a pristine and clean environment.

| Adventure Tour Operators Association of India (ATOAI) | ATOAI promotes national integration, international welfare and goodwill.  
|                                                   | It assists students with scholarships to pursue higher education, study and research in the field of Development of Adventure Tourism in India.  
|                                                   | It conducts seminars, group discussions, course of studies and cultural meetings, to promote adventure tourism in India.  
|                                                   | It also encourages and promotes interaction within the adventure tour operator fraternity and with other travel agents on all subjects involving their common good and benefit.  
|                                                   | It promotes equal opportunity for all visitors to enjoy  
| Promotes adventure tourism in India and creates awareness overseas about the potential of adventure tourism in India.  
| Promotes social responsibility and takes all steps necessary for promoting, encouraging and assisting in the development of Adventure Tourism throughout the country.  
| Takes the initiative to secure the welfare of the Adventure Tourism Trade. | Active Member  
| Admission Fee: Rs. 2,500  
| Annual Subscription Fee - Rs. 2,500 | Allied & Associate Members  
| Admission Fee- Rs. 1,500  
| Annual Subscription Fee -Rs. 2,500 | MEMBERS OF HONOR  
| The Executive Committee may invite persons who have distinguished themselves by their services in the adventure tourism/tourism and travel industry in the national or international field and with a professional reputation with Departments of State Government, Indian Mountaineering Foundation, Himalayan Mountaineering Institutes etc. to become 'members of honor'. |
adventure tourism and travel facilities without distinction of race, colour, creed or nationality.

- Undertakes such welfare activities as the members cannot take individually.
- It communicates with Chambers of Commerce, other Mercantile and public Bodies in India, Government Departments or Committees, the Department of Tourism and various foreign and local associations and corporations, companies and concerns and promotes measures in the interests of the industry and nominates members to act on them.
- The association works to gain affiliations with similar organizations in other countries.

Apart from the specific industry associations there are certain generic industry and business associations including Federation of Indian Chambers of Commerce and Industry (FICCI) and the Confederation of Indian Industries (CII) which have specific divisions in the tourism industry. They work specifically towards promoting tourism and developing a platform for industry to interact with the government and put forth their demands for policy regulations. These associations are larger and diverse in nature as they are overall business associations.

Established in 1927, FICCI is the largest and oldest apex business organization in India. FICCI plays a leading role in policy debates that are at the forefront of social, economic and political change. Being an old institution, the credibility and acceptance of associations like FICCI and CII is high. These associations work closely with the government on policy issues, enhancing efficiency, competitiveness and expanding business opportunities for industry through a range of specialized services and global linkages. They also provide a platform for sector specific consensus building and networking.

The FICCI has been instrumental in promoting the tourism sector through its Tourism Committee which is a highly representative body with all important segments being on its membership. The Committee has
been organizing seminars and symposia on major issues relating to tourism development. Lately, it has involved itself with organizing The Great Indian Travel Bazaar, an annual event which has been organized successfully for the past four years.

These associations sustain themselves in three major ways:

- Sponsorship of events - by private and government industry players including state tourism departments, travel agents, airlines, etc
- Membership fee
- Government/Private funds for undertaking industry studies, consulting assignments, skill development assignments, organizing events, etc

**Other findings:**

- These associations primarily promote Inbound Tourism.
- They provide a platform for interaction by organizing events/open discussion forums in two ways:
  - Events such as The Great Tourist Bazaar and The Great Indian Travel Bazaar by FICCI- These are events which are organized for B2B interaction.
  - CII organised recent conferences including Kerala Health Tourism 2011 and the Destination Odisha 2012. These events were focussed on developing way forward for tourism in Orissa and Kerala states.
  - There are some events which are organized for the interaction between government officials and industry members.
- Annually 3-4 events are organized to promote and cater to the needs of the tourism sector.
5. Education system and skill development programs

As indicated by the Planning Commission an investment of about US$20,000 creates 78 jobs in the Tourism sector while the same generates just 18 jobs in the Manufacturing and 45 in the Agriculture sectors. Currently Travel & Tourism, being employment intensive, provides employment to approximately 31 million (both direct & indirect) people throughout the country and is one of the largest employers in the country. This number is expected to rise to over 40 million by 2019 and over 43 million by 2022. The skill requirements and skill gaps are presented for the following major segments driving employment in the Tourism Industry:

- Travel and Tour Operators
- Hotels and Restaurants.

Profile of persons employed in Travel and Tour Operators Segment

- Graduate/ Masters, with over 8 years experience
- Graduates/ Masters/ Basic/ Advance certification course in Ticketing, with over 5 years experience
- Graduate/ Basic certification course in Ticketing, with 3-4 years experience
- Hr. Secondary/ Graduate Basic certification course in ticketing with 0-3 years experience.
It has been a continuous attempt by the Ministry of Tourism to put in place a system of training and professional education with necessary infrastructural support so as to meet and create sufficient manpower to meet the needs of the hospitality & tourism industry. There are 33 functional Institutes of Hotel Management (IHM)s comprising 21 Central IHMs and 12 State IHMs. Additionally, there are 6 Food Craft Institutes (FCIs). These Institutes were set up as autonomous societies with a specific mandate to impart/conduct hospitality education/training in hospitality skills.

National Council for Hotel Management & Catering Technology (NCHMCT)

The National Council for Hotel Management and Catering Technology and its affiliated Institutes constantly endeavours to impart hospitality knowledge, skills, concepts and techniques in the right environment for the students to learn and emerge as global Hospitality Service providers.

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>Course Description</th>
<th>Duration</th>
<th>Qualification</th>
<th>Upper Age Limit</th>
<th>Location of Institutes where Course is available</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>M.Sc. Hospitality Administration</td>
<td>2 Years</td>
<td>B.Sc.in H.M. or 3 yr Diploma in HM</td>
<td>NA</td>
<td>IHM - Bangalore, Delhi, Mumbai</td>
</tr>
<tr>
<td>2.</td>
<td>Post Graduate Diploma in Accommodation Operation and Management</td>
<td>1½ Years</td>
<td>Graduation in any Stream</td>
<td>25</td>
<td>IHM - Bhopal, Bhubaneswar, Mumbai, Kolkata, Chennai, Delhi (Pusa), Gwalior, Hyderabad, Shimla, Thiruvananthapuram, Faridabad (FCI)</td>
</tr>
<tr>
<td>3.</td>
<td>Post Graduate Diploma in Dietetics and Hospital Food Service</td>
<td>1 Year</td>
<td>Graduate with Science or Bachelor in Home Sc.</td>
<td>25</td>
<td>IHM - Chennai, Delhi (Pusa) and Mumbai</td>
</tr>
<tr>
<td>4.</td>
<td>Craftsmanship Course in Food Production</td>
<td>1½ Years</td>
<td>10th Class pass of 10+2</td>
<td>22</td>
<td>IHM - Bhopal, Bhubaneswar, Mumbai, Kolkata, Chennai, Goa, Gwalior, Shimla, Delhi(Pusa), Hyderabad, Thiruvananthapuram</td>
</tr>
<tr>
<td>5.</td>
<td>Craftsmanship Course in Food and Beverage</td>
<td>24 weeks</td>
<td>10th Class pass of 10+2</td>
<td>22</td>
<td>IHM - Mumbai, Kolkata, Chennai, Goa, Hyderabad, Shimla</td>
</tr>
</tbody>
</table>
The National Council for Hotel management and Catering technology (NCHMCT) is one of the largest networks of 51 hotel management institutes in the world. The NCHMCT conducts 11 full time courses of different durations and intensity from two year full time MSc. in Hospitality and Hotel Administration to trade specific short course of 1½ years to 6 to 8 week duration.

For steering and regulating the academic efforts of the IHMs and FCIs, the Ministry had set up, in 1982, the National Council for Hotel Management and Catering Technology (NCHMCT). The mandate of the NCHMCT is to coordinate the growth and general advancement in the development of hospitality management education through its affiliated institutes. Its jurisdiction extends over a wide range of administrative matters including admission, fees, by-laws, syllabus for studies, courses, examinations, results, regulation of building plans and equipment, training, publishing periodicals, magazines, etc. and also carrying out such government approved activities as prescribed from time to time.

The NCHMCT is also an affiliating body; 33 IHMs and 6 FCIs have come up with the support of the Ministry are affiliated to it for admissions and regulation of examinations. The NCHMCT has been given the mandate to affiliate private IHMs. As of now, 19 private Institutes are affiliated to the NCHMCT.

The NCHMCT through IHMs and FCIs also offers 3/6 month certificate courses in the following areas:
- Food Production
- F&B
- 3 month Crafts Courses
Indian Institute of Tourism and Travel Management (IITTM)

The Indian Institute of Tourism & Travel Management (IITTM), set up in 1983, is an apex Institute dedicated to travel and tourism education and training for providing specialized training and education. The IITTM conducts PG Diploma Programme besides training guides in its special programme, namely, ‘Earn while you learn’.

National Institute of Water Sports

In the year 2004, the National Institute of Water Sports (NIWS), Goa was also incorporated in the IITTM. In order to tap into the potential that India’s coastline offers for water based and adventure sports, the Ministry had established the National Institute of Water Sports (NIWS) in Goa on the beach of Panjim. The administrative control of NIWS stands entrusted to the IITTM.

‘Earn While You Learn’ Programme

Under the Ministry’s ‘Earn While You Learn’ programme, funded under the scheme of Capacity Building for Service Providers, the Indian Institute of Tourism and Travel Management (IITTM) conducts training of college-going students for a period of 21 days. The basic purpose of the training is to sensitize youth to tourism and also to give skills for handling tourism in the country. The Programme acquired an added significance as the Organizing Committee of the Commonwealth Games 2010 drawing volunteers from amongst the graduates of the Programme. During the course of this year and up to the Games, about 2,845 students were trained under this programme.

Special Training Programme to Create Employable Skills

During the year 2009-10 the Ministry of Tourism launched a special programme ‘Hunar Se Rozgar’ for the creation of employable skills amongst minimum eighth pass youth in the age group of 18 to 28 years. The Programme offers short but quality training courses covering (i) Food and Beverage Services, and (ii) Food Production. The trainees are also paid Rs. 1,500/- or Rs. 2,000/- each, depending on the length of the course.

Initially, the programme was conducted by the IHMs and FCIs sponsored by the Ministry of Tourism. The Programme’s intrinsic merits and its pro-poor stress made it very popular. In view of the tremendous response to the Programme, it has now been extended to the State Governments and U.T. Administrations so as to eventually reach out to people in much larger numbers.

Skill Testing and Certification of the Existing Service Providers

A programme for the certification of skills of service providers employed in the hospitality sector has been instituted by the Ministry under which the service providers would undergo a 5-day orientation followed by a practical test and viva voce. The Programme is being implemented through 16 IHMs.

Certified Hospitality Trainers Programme

To meet the shortage of teachers specific to hospitality education, a Certified Hospitality Trainers Programme is being conducted at IHMs at Pusa (Delhi), Gwalior, Lucknow, Kolkata, Hyderabad, Bengaluru and Gandhi Nagar. During the training, each student is entitled to a stipend of Rs. 10,000/- per month.
‘Capacity Building for Service Providers’ Scheme:

There are a large number of persons engaged in the unorganised sector which includes small hotels, roadside eating places, ticketing/ travel agencies, dhabas (Road side small food outlets), etc. There is also a segment of tourism service providers who are engaged in other professions but who still come into contact with the tourist. These persons are staff at bus/ railway stations, police personnel, immigration staff at airports, coolies, taxi/ coach drivers, staff at monuments, guides etc. The tourists come into contact with various service providers and it is this experience they have, while interacting, that governs their perception of India as a tourist destination.

It was therefore felt necessary that this large number of service providers be given certain inputs which can improve their behaviour and service levels. Therefore a Scheme was formulated wherein these service providers in the unorganised sector are given some inputs so as to upgrade their behaviour and service skills. This Scheme is the ‘Capacity Building for Service Providers (CBSP)’. Some of the important areas being covered under the training include health & personal hygiene, cleanliness, basic service techniques, cooking techniques, garbage disposal, etiquette and basic manners, basic nutrition values, etc. Energy saving and basic tourism awareness, communication skills, behaviour skills, first aid, client handling and behavioural skills, etc. are also covered in the training programmes. The duration of the course ranges from 4 days to 6 days.

**Efforts to meet the Skills Gap**

- Periodic assessment of the skilled manpower needs of the hospitality & tourism industry and formulation of policy and strategy to meet the skill gap
- Strengthening and expansion of institutional infrastructure for training and education
- Steering and regulating the academic efforts of the Ministry sponsored Institutes
- Training of aspiring and existing service providers, including certification of their skills.
- The Ministry has extended Central Financial Assistance for setting up 19 new State Institutes of Hotel Management (SIHM) and 11 new FCIs.
- Normal grant to an SIHM is upto Rs. 100 Million, of which Rs. 80 Million is for construction and the balance for the purchase of equipment required by the Institute. An additional Rs. 20 Million can also be paid for construction of hostels. The expenditure over and above the central grant is met by the respective state Governments.
- For an FCI, the central assistance is limited to Rs. 47.5 Million
Domestic Tourism:

As per Ministry of Tourism data, Domestic travellers recorded a high of 740 million trips during 2010, 10.7% higher than the previous year. As per our projections the domestic travellers are expected to have recorded a growth of 7.87% and reached 798 million in 2011. After rising 18% and 14% respectively in 2006 and 2007, domestic travel slowed down to 6.9% during 2008 due to the economic slowdown. However, domestic tourism picked up in 2009 with a growth of 18.8% and further maintained consistency in 2010 and 2011. The growth in domestic tourism in 2009 can also be attributed to the economic slowdown which resulted in less international travel and thus an increase in domestic travel and tourism.

Table 3.1: Domestic tourist visits

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of domestic visits</th>
<th>Annual Growth rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>392,014,270</td>
<td>7.00%</td>
</tr>
<tr>
<td>2006</td>
<td>462,321,054</td>
<td>17.90%</td>
</tr>
<tr>
<td>2007</td>
<td>526,564,478</td>
<td>13.90%</td>
</tr>
<tr>
<td>2008</td>
<td>563,034,107</td>
<td>6.90%</td>
</tr>
<tr>
<td>2009</td>
<td>668,800,482</td>
<td>18.80%</td>
</tr>
<tr>
<td>2010</td>
<td>740,214,297</td>
<td>10.70%</td>
</tr>
<tr>
<td>2011</td>
<td>798,511,000</td>
<td>7.87%</td>
</tr>
</tbody>
</table>

Source: India Tourism Statistics 2010

It can be seen that three southern states (Andhra Pradesh, Tamil Nadu, and Karnataka) are among the top five states in India for domestic tourist visits. These three states contribute significantly to the economic growth of the country with Karnataka being the Information Technology hub. Apart from visits due to industrial development, Andhra Pradesh and Tamil Nadu also attract significant religious tourism to some of the famous temples located there.
Domestic & Foreign Tourist Visits to States / UTs Actual 2001 - 2010 & Projected 2015 & 2020

We have applied simple Linear techniques to project tourist arrivals from different countries to India (assuming other factors such as economic growth remain constant) in 2015 and 2020. Linear applies a best-fit straight line to display simple linear data sets that contain data values that increase or decrease at a steady rate. This type of analysis uses the following linear equation to calculate the least squares fit for a line:

\[ y = mx + b \]

where \( m \) is the slope and \( b \) is the intercept.

<table>
<thead>
<tr>
<th>Year</th>
<th>Tourist Visits</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Domestic</td>
<td>Foreign</td>
</tr>
<tr>
<td>2001</td>
<td>236,469,599</td>
<td>5,436,261</td>
</tr>
<tr>
<td>2005</td>
<td>392,014,270</td>
<td>9,947,524</td>
</tr>
<tr>
<td>2009</td>
<td>668,800,482</td>
<td>14,372,300</td>
</tr>
<tr>
<td>2010</td>
<td>740,214,297</td>
<td>17,852,777</td>
</tr>
<tr>
<td>2015</td>
<td>1,000,000,000</td>
<td>18,000,000</td>
</tr>
<tr>
<td>2020</td>
<td>1,300,000,000</td>
<td>23,000,000</td>
</tr>
</tbody>
</table>

Outbound tourist flows and patterns

Impressive developments in Indian tourism in recent years have brought the country to the forefront of world tourism as one of the most promising markets to watch out for – both for inbound and outbound tourism. India’s outbound travel market has been growing at a Compound Annual Growth Rate (CAGR) of 10.5% per annum since 1991. The number of tourists from India during 1991 was 1.9 million, which rose to 12.99 million in 2010 and as per our research projections is expected to have reached 13.86 million in 2011. Tourist departures from India registered growth of 9.0% over 2009, compared to 1.8% growth in 2009 over 2008. International tourism expenditure by Indians has grown from US$1.3 billion in 1997 to US$10.6 billion in 2010. The UNWTO predicts that India will account for 50 million outbound tourists by 2020; the ‘Kuoni Travel Report India 2007’ predicts that total outbound spending will cross the US$ 28 billion mark in 2020.
Country wise Tourist outflow trends:
The current outbound figures in 2009 stand at around 12 million travellers and with double-digit growth in the years to come the market is expected to expand to 50 million travellers by 2020.

Table: Outbound travellers from India - country Wise

<table>
<thead>
<tr>
<th>Country</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>Growth YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thailand</td>
<td>429732</td>
<td>506237</td>
<td>497022</td>
<td>596529</td>
<td>760371</td>
<td>916787</td>
<td>20.57%</td>
</tr>
<tr>
<td>Singapore</td>
<td>658902</td>
<td>748728</td>
<td>778303</td>
<td>725624</td>
<td>828903</td>
<td>868963</td>
<td>4.83%</td>
</tr>
<tr>
<td>Kuwait</td>
<td>560951</td>
<td>653392</td>
<td>673671</td>
<td>733117</td>
<td>899105</td>
<td>107805</td>
<td>(8.8%)</td>
</tr>
<tr>
<td>Democratic Rep. Malaysia</td>
<td>279046</td>
<td>422452</td>
<td>550738</td>
<td>589838</td>
<td>690849</td>
<td>693056</td>
<td>0.32%</td>
</tr>
<tr>
<td>USA</td>
<td>406845</td>
<td>567045</td>
<td>598971</td>
<td>549474</td>
<td>650935</td>
<td>663465</td>
<td>1.92%</td>
</tr>
<tr>
<td>P.R. China</td>
<td>405091</td>
<td>462450</td>
<td>436625</td>
<td>448942</td>
<td>549321</td>
<td>610000</td>
<td>11.05%</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>294079</td>
<td>317510</td>
<td>359674</td>
<td>366646</td>
<td>530910</td>
<td>498063</td>
<td>(-6.19%)</td>
</tr>
<tr>
<td>UK</td>
<td>366745</td>
<td>335892</td>
<td>359237</td>
<td>272754</td>
<td>401345</td>
<td>403744</td>
<td>(24.1%)</td>
</tr>
<tr>
<td>Saudia Arabia</td>
<td>345431</td>
<td>613347</td>
<td>601922</td>
<td>247075</td>
<td>498063</td>
<td>504056</td>
<td>(-59%)</td>
</tr>
<tr>
<td>Oman</td>
<td>116166</td>
<td>153041</td>
<td>156723</td>
<td>186068</td>
<td>186068</td>
<td>186068</td>
<td>(18.7%)</td>
</tr>
<tr>
<td>Indonesia</td>
<td>94258</td>
<td>123465</td>
<td>155391</td>
<td>156545</td>
<td>137027</td>
<td></td>
<td>-12.47%</td>
</tr>
<tr>
<td>Italy</td>
<td>116951</td>
<td>108941</td>
<td>135517</td>
<td>139094</td>
<td></td>
<td></td>
<td>(2.6%)</td>
</tr>
<tr>
<td>Switzerland</td>
<td>115055</td>
<td>132396</td>
<td>132107</td>
<td>136322</td>
<td></td>
<td></td>
<td>(3.2%)</td>
</tr>
<tr>
<td>Macau</td>
<td>28903</td>
<td>45473</td>
<td>82369</td>
<td>107513</td>
<td>169096</td>
<td>169660</td>
<td>0.33%</td>
</tr>
<tr>
<td>Australia</td>
<td>83771</td>
<td>95214</td>
<td>116001</td>
<td>124888</td>
<td>148230</td>
<td></td>
<td>6.91%</td>
</tr>
<tr>
<td>Canada</td>
<td>87210</td>
<td>101724</td>
<td>110890</td>
<td>107959</td>
<td>127619</td>
<td>139213</td>
<td>9.08%</td>
</tr>
</tbody>
</table>

Source: India Tourism Statistics 2010, Ministry of Tourism. Data for 2010 and 2011 is available for selected countries only. Figures given in brackets are YoY Growth as per the data available till 2009 only.

India’s outbound tourism has been growing at a CAGR of 10.5% per annum from 1991 which is a sign of India’s growing economy and development. With more than 1.2 billion inhabitants and GDP increasing by around 8% every year, the country offers enormous potential for future growth in outbound travel. The Table above analyses the top destinations for outbound tourism from India (countries with more than 100,000 Indian travellers in 2009). Due to lack of official country wise data we have given latest data for selected countries only. Outbound tourism from India is dominated by countries including Thailand, Singapore, Kuwait, Malaysia, and USA. Within Europe, the most popular destination is the United Kingdom with 272,754 international visitor arrivals from India in 2009 with a negative growth of 24.1%. According to Pacific Asia Travel Association (PATA), 40% of all outbound trips by Indians are for business purposes, while leisure, visiting friends and relatives (VFR) and other reasons each account for 20% of outbound trips from India.

Thailand and China have shown significant growth trends in 2011 with 20.57% and 11.05% respectively. The growth in Thailand can be attributed to economically viable tourism activities for Indians while growth in China can be attributed to business interest in China for Indian counterparts.

The trend in the table above shows that there is a growing demand for short haul destinations including Thailand, Macau, China, etc. India’s favourable trade and economic relations with Kuwait is one of the major reasons for being among the top rank. It is also to be noted that there are over 600,000 Indians living in Kuwait, constituting the largest expatriate community in Kuwait.
Europe as a tourist destination is important to Indian tourists. There is significant outbound travel which takes place to various European destinations including the UK, Switzerland, Italy, Germany, and France. In Europe, 44% of trips made by Indians are for business purposes and 40% for holiday travel. The rest 16% is for other purposes, according to the Netherlands Board of Tourism and Conventions (NTBC) report. These statistics show that European destinations attract Indians as a holiday destination. One of the reasons for Europe’s popularity in India is the showcasing of various locations in Indian movies. Destinations such as Switzerland have become a rage among Indians after being showcased in some hit Indian movies.

**Future Projections for outbound travel from India:**

The projections for outbound travelers from India are given below.

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Indian Nationals Departures</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>4,464,477</td>
</tr>
<tr>
<td>2005</td>
<td>7,184,501</td>
</tr>
<tr>
<td>2010</td>
<td>12,988,001</td>
</tr>
<tr>
<td>2015</td>
<td>17,376,765</td>
</tr>
<tr>
<td>2020</td>
<td>22,169,020</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Indian Visits to China</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>159,361</td>
</tr>
<tr>
<td>2005</td>
<td>356,460</td>
</tr>
<tr>
<td>2009</td>
<td>448,942</td>
</tr>
<tr>
<td>2015</td>
<td>736,193</td>
</tr>
<tr>
<td>2020</td>
<td>937,008</td>
</tr>
</tbody>
</table>
7: Key elements in the 12th five-year plan for tourism

An Introduction to five-year planning in India:

India's economy works on a 'five year planning' basis whereby a centralized institution, the Planning Commission of India, develops, executes and monitors a plan encompassing all sectors every five years. The planning commission was established in 1950. As of today the 11th five year plan is underway. The 12th five year is scheduled to be submitted in 2012 and will be applicable till 2017.

Tourism as the priority investment sector under the 12th Plan Approach Paper

The Approach paper to the 12th Five Year Plan of the Planning Commission of India is precursor to the Planning document. In the Approach Paper, tourism has been recognized as an economic sector in India that has the potential to grow at a very high rate and consequentially help the cross sectoral growth of various other sectors. Along with construction, tourism is one of the largest sectors in the service industry, accounting for around 8.0 percent of employment in India. Compared to other sectors, the growth of tourism is also highly inclusive; a higher proportion of tourism benefits accrue to women when compared with other sectors.

Strategies for tourism promotion in the 12th five-year Plan:

Broadly, the following strategies will be followed in the 12th plan for the improvement of tourism.

- **Pro poor tourism**: The approach paper of the 12th five year plan prepared by the planning commission focuses on "inclusive growth" as the main objective of the plan. Therefore under the tourism sector the government is aiming for "pro poor tourism". The tourism sector as mentioned earlier has a vast potential for economic growth in India. It is therefore necessary that this sector be equipped to fight the biggest hurdle to the economic growth of the country. Skill development and bridging the vast difference between the demand and supply of man-power in the hospitality sector will be the basis of the shift in strategy of the 12th plan. There will be greater emphasis on promoting ‘rural tourism’ and ‘eco tourism’ which helps in the long-term sustainable growth of tourism.

- The plan intends to make the tourism policy a diversified action plan. It has to be spread over micro and macro levels, including product and infrastructure development, marketing, branding and promotion, planning, policy and investment. A principle strategy to realize India’s enormous potential must be to focus on clusters or circuits around the tourist hotspots. This requires collaboration between the local level agents. Therefore, it’s very important that states take an initiative in developing their own tourism strategy and collaborate with the various stakeholders and the government.

- Considering that tourism is a very large sector, monitoring becomes very important; the plan therefore, needs to adopt carrying capacity studies especially in environmentally sensitive areas.
In order to improve the quality of quantifiable indicators, tourist satellite accounts will be prepared every 5 years so that effective monitoring is put into the system.

- The **expansion of employment** in the small scale sector is the most important objective as low skilled workers and lack of man power in the tourism sector is a significant hurdle in the progress of the sector. Capacity building, training and empowerment in addition to mitigating the environmental, social and cultural impacts of tourism have to be looked at very carefully in the 12th plan.

- The various strategies adopted for the development of tourism will be possible only by the development of formal and informal links between the stakeholders and coordination across all levels of government. The plan proposes a **“whole government” agenda** for tourism development. It is important to have a multi level approach in order to realize the full potential of the sector.

- Apart from adopting a PPP approach towards the improvement of tourism, it is also essential that **local governments and agents** are included in the strategies. Gram Panchayats\(^8\) and the natives of regions with high tourism potential should be made aware of the opportunities available to them and the immense potential that tourism holds for their upliftment and employment generation.

The approach paper to the 12th five year plan proposes a **“look east policy”**. This implies that special efforts will be put in to develop road connectivity to Thailand, Myanmar and Bangladesh. These policies will be especially important for neighboring country tourism and cross border trade. The 12th plan aims to strengthen our mutual dependence with our neighboring economies, particularly Bangladesh. The 12th plan acknowledges the potential of tourism in this area which can be developed with new tourist circuits to showcase the culture, history and the natural beauty of the area. It also proposes to expand the railways and civil aviation in order to help the lack of connectivity to that area.

**The Report of the Planning Commission’s Working Group on Tourism**

The Planning Commission constituted a Working Group on Tourism to determine the strategies for development of tourism during the 12th Plan. The working group compiled a report from various sub committees for the improvement of tourism in the 12th five year plan. The following recommendations have been made.

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\(^8\) Gram Panchayats are local self-governments at the village or small town level in India. The gram panchayat is the foundation of the Panchayat System. A gram panchayat can be set up in villages with minimum population of 300. Sometimes two or more villages are clubbed together to form group-gram panchayat when the population of the individual villages is less than 300.
Proposed Strategies for Development of Tourism Infrastructure during the 12th five-year Plan

The following strategies have been proposed for the 12th Plan on tourism development.

- **Infrastructure Development**

<table>
<thead>
<tr>
<th>Strategy I</th>
<th>Strategy II</th>
<th>Strategy III</th>
<th>Strategy IV</th>
</tr>
</thead>
<tbody>
<tr>
<td>Identify major Tourist Circuits/Destinations/Cities having potential to</td>
<td>Develop Tourism Parks to be located near important tourist destinations, to</td>
<td>Identify clusters of villages having unique craft and ethnic art forms for</td>
<td>Continue the existing Scheme of Product Infrastructure Development for</td>
</tr>
<tr>
<td>attract large number of visitors - for development in Mission Mode - on the</td>
<td>basically increase the duration of tourist trips.</td>
<td>development as Tourism Products</td>
<td>Destination and Circuits (PIDDC) and scheme of Mega Destinations/Circuits.</td>
</tr>
<tr>
<td>pattern of the JNNURM and Delhi Mumbai Industrial Corridor.</td>
<td></td>
<td></td>
<td>Government intervention in non-commercial activities.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Commercial activities by the private sector - through SPV/PPP.</td>
</tr>
</tbody>
</table>

Branding and Promotions under the 12th Five year Plan

**International and Overseas Promotion**

As per the Working Group’s Recommendations, the Ministry of Tourism should take following measures for the promotion and branding of tourism as follows:

- Consolidation of existing India tourism Offices Overseas and opening of Representative Offices.
- Organizing of an annual “Global Travel Mart” in the country.
- Participation in major international events as “Partner Country”, “Guest of Honour Country, etc.
- Organizing “India Festivals” in important source markets.
- Global Media Campaigns (print, television, online) to be launched in important and potential source markets overseas.
- Media Campaigns to be more focused rather than generic in nature and to be launched in local languages as well. Niche Tourism Products should be promoted.
- Greater emphasis and focus on online campaigns. “Know India” E-learning online programs to be undertaken.
- Services of professional agencies to be utilized for Media Planning, Production of Creatives and Publicity material.
- Synergy to be developed with other Ministries, Organizations and Stakeholders for promotion of “Incredible India”.
- Medium of ‘Cinema & TV’ to be used for promoting and showcasing tourism destinations in the country.
- Road Shows to be organized overseas in collaboration with State Governments, Airlines and Stakeholders.
- International Buddhist Conclave to be organized once every two years.
- Project Monitoring Unit to be set up for international events / campaigns.
- Regular Surveys / Studies on the impact of the Incredible India Campaigns to be undertaken.

**Domestic Promotion and Publicity**

- Domestic Media Campaigns, Social Awareness Campaigns, Advertorial Campaigns to be continued.
- Campaign Clean India to be launched.
- National Festivals to be identified and promoted
- Domestic Road Shows to be organized in collaboration with State Governments and stakeholders.
- ‘Niche Products, Pilgrim Tourism to be promoted in the country.
- Financial Assistance to be provided to States / UTs for Organizing Fairs,
- Festivals and Events and production of publicity material.
- Participation in Travel Marts and Exhibitions in the country for promoting Domestic Tourism
- Organization of important events (National Tourism Awards), workshops, seminars, etc. on various tourism related themes.
- Organizing evening programs of Indian dance and music in major cities during the period October to March.
- Project Monitoring Unit to be set up for Domestic events / campaigns.
- Possibility of starting an exclusive TV Channel for Tourism, in collaboration with other stakeholders, may be explored.
- More content on Tourism may be added to some of the existing TV Channels.

**Proposed Mechanism of Sustainable Tourism Criteria for India (STCI):**

The recommendations given by the working group for making tourism policy more sustainable are:

(i) The criteria and indicators of sustainable tourism for tour operators and the accommodation sector, especially rural tourism/ home stays should be finalized for implementation.

(ii) For conceptualizing a system of Sustainable Tourism Criteria for India (STCI), the Ministry of Tourism should work with a consortium, to provide a detailed operational plan for implementation of the STCI.

(iii) The actual inspection and audit of applicants to the STCI system may be entrusted to an independent professionally acknowledged third party.

(iv) Funding for the implementation of the STCI system come from ongoing schemes Market Research – Professional Services, Capacity Building for Service Providers, and Domestic Promotion and Publicity.

(v) A Project Monitoring Unit (PMU) is to be created in the Ministry with the specific purpose of administering the STCI system.

(vi) Financial assistance under the Ministry’s Market Development Assistance scheme is provided for representatives of recognized national associations to participate in workshops/ seminars on sustainable tourism organized by reputed organizations in India or overseas.
STCI for Eco-Tourism

(i) The annual number of tourists should be regulated according to the carrying capacity of parks/hill resorts and other eco-sensitive zones after proper assessment of the carrying capacity of each region. World class carrying capacity studies in diverse areas should be carried out in each of the five years of the 12th Plan.

(ii) Tourism Impact Assessment must be made mandatory for any tourism project proposed to be undertaken in an ecotourism zone with central financial assistance.

(iii) State Governments should be encouraged to evolve ecotourism policies and set up Ecotourism Boards to act as vehicles of ecotourism policy deliverance.

(iv) Gate receipts should flow back to the respective national parks and reserves in order to improve their protection and to facilitate their upkeep.

(v) Some reasonable portion of revenue from tourism should be shared with local communities for common benefits. Local communities should also benefit directly from tourism through employment, promotion of local crafts, cuisine, home-stays, etc. Commercial activities permitted in eco-zones for facilitating tourists should preferably be entrusted to members of local communities. A fixed percentage, say 40%, of employment in tourism establishments in ecotourism zones should be reserved for local communities.

(vi) National and international travel associations including TAAI, IATO, the Eco-Tourism Society of India, PATA, ASTA need to champion the cause of ecotourism. Seminars, Workshops and Conferences should be undertaken for Stakeholders and NGOs to be involved in the process of Local Community / Host Community education / Sensitization.

(vii) For each ecotourism site, a site specific association, which acts as watchdog for the welfare of wildlife and conservation, with tourism forest officials, NGOs and representatives of local communities should be set up.

STCI in Rural Tourism

(i) The scheme of Rural Tourism implemented in the 11th Plan should be supplemented by a scheme of Rural Tourism Clusters giving due consideration to integrated development of physical infrastructure (hardware) and capacity building (software), involvement of local communities and travel trade, and selection of sites and the implementing partners based on objective considerations. The ceiling for financial assistance for a rural tourism cluster site should be Rs. 11 crore.

(ii) During the 12th Plan, an average of 2 rural tourism clusters should be sanctioned in each State/ UT. Therefore, an allocation of Rs. 770 crore needs to be made for the scheme of Rural Tourism Clusters in the 12th Plan.

(iii) A Committee comprising officials from the Ministry of Tourism, 1-2 advisory experts, implementing organisations, State Tourism Department and Panchayats, VTDC and community representatives should be constituted as a coordination body for each site.

(iv) People, Public, Private Partnership (PPP) mode should be considered on a pilot basis for the rural tourism clusters scheme.

(v) Concerted efforts should be made so that the incomplete RTPs sanctioned during the 10th and 11th plans are either completed or closed.

(vi) A Project Monitoring Unit (PMU) should be set-up in the Ministry to work as a resource centre to put together and share learning and best practices in the field of rural tourism.
STCI in Heritage Tourism

(i) Surveys/Studies should be undertaken in all States and Union Territories for (a) collecting and compiling Information on intangible heritage, (b) mapping the requirements of these heritages for planned development, and (c) preparing a list of all heritage sites and heritage buildings in association with state or national level organizations.

(ii) A strategy should be evolved, in consultation with the Ministry of Culture, NGOs and experts working for the protection and preservation of heritage sites, for the inclusion of India’s monuments and other heritage sites in the list of ‘World Heritage Sites’.

(iii) For all tourism projects undertaken at heritage sites with central financial assistance, regulation of activities, like food & beverage services, light and sound shows, shopping, entertainment, etc., in and around the sites must be made mandatory. Part of the funds generated at a site through these activities should be earmarked for maintenance and development of that site.

(iv) Central and State Government offices in urban areas located in heritage buildings should be shifted and the buildings should be used for tourism-related activities.

(v) All schools in the country should introduce a daily interactive session for students from Class 5 on waste management, basic hygiene, cleanliness, garbage disposal, energy and water conservation, discipline, first aid, road rules, etc. to inculcate civic sense and social responsibility among the young and impressionable children.

(vi) Introduction of value-added services, including audio/video shows, automated audio guides, etc., at heritage sites by States should be encouraged and financially supported by the Ministry.

(vii) Capacity building programmes for guides at heritage sites should be intensified to increase the availability of qualified guides.

(viii) At prominent heritage sites, part of the gate receipts should go towards the maintenance of the respective sites, as has been done in Rajasthan.

Special focus on Meetings Incentives Conventions & Exhibitions (MICE)

International Conferences require multiple halls for plenary sessions, exhibitions, social and cultural events. Apart from the only international convention centre at Hyderabad, there is an urgent need to create new world class Convention Centres in important cities like New Delhi, Mumbai, Chennai, Kolkata and Bangalore in the coming years. Increased funding will be made available for Convention centres under the LRG and PIDDC schemes of MoT during the 12th Plan period.

(i) The state of Jammu & Kashmir and the North Eastern Region which has the capacity to host medium sized conferences should be promoted as potential destinations for conferences during the summer months.
(ii) The present policy of seeking permission from the Ministry of Home Affairs and Ministry of External Affairs needs to be streamlined on the lines of tourist visas for the convenience of international delegates.

**Proposal for Convergence of Schemes and Programs:**

For the success of identified strategies, it is important that well coordinated and cohesive mechanisms be devised. For this purpose the convergence of Schemes is vital for the success of the tourism industry. The Working Group has made the following recommendations for this convergence:

i. On the pattern of the Island Development Authority a Standing Committee may be constituted under the chairmanship of Deputy Chairman, Planning Commission to sort out various inter-ministerial issues at the Central level as well as issues with States/UTs.

ii. At Central level, a Committee may be constituted under the Chairmanship of the Prime Minister with members from concerned Ministries such as Culture, Civil Aviation, Road Transport & Highways, Urban Development, etc. to resolve issues, which could not be resolved by the Standing Committee under the Deputy Chairman, Planning Commission.

iii. A platform of Committee of Secretaries (CoS) may also be used to resolve inter-ministerial issues.

iv. At State level, a Committee may be constituted in each State/UTs under the Chairmanship of Chief Ministers/Administrator with members from concerned Departments of the State Governments/UT Administrations

v. A committee may also be constituted under the chairmanship of the Chief Secretary in the States/UTs to resolve inter-departmental issues.

vi. The Planning Commission should increase the budget outlays of the Tourism Departments in the States/UTs at the time of discussion of the State Plan every year. In the Annual Plan of various States, the tourism plan should be given separately. In this tourism plan the role of other Departments is also mentioned. Planning Commission, while approving the Annual Plan of the States/UTs may emphasize other Departments of States/UTs to complete the activities suggested by the Ministry of Tourism for the development of particular tourist destinations/circuits.

vii. The Ministry of Tourism should continue in its efforts for strengthening the convergence between various Ministries/Organizations at Central and State level.

viii. States/UTs should consult all the concerned Ministries/Organizations at the State level before proposing projects for prioritization in the meeting held in the Ministry of Tourism every year. To the extent possible the role of these organizations, including the financial assistance, in the implementation of the proposed projects may be also clearly mentioned.

ix. The concerned Ministries/Departments at Central and State level should earmark some portion of their Annual Plan allocation for development of tourism infrastructure near important tourist destinations.

x. The practice of organizing Regional Conferences by the Ministry of Tourism should continue during 12th Plan period.
xi. States/UTs should expedite the establishment of a Hospitality Promotion and Development Board (HPDB) during the 12th Plan to facilitate single window clearance for various tourism projects.

xii. Cultural events of other Ministries at the Central and State Government level should be popularized through various events organized by MoT.

### Taxation, Exemptions and Special Treatment Scheme:

The 11th five-year plan did give a number of tax concessions and incentives to the tourism industry, however there are a number of challenges that need to be considered in the 12th plan.

After detailed discussions on various issues relating to taxation, financial incentives and the facilitation of foreign travel in India, the Sub Group and Working Group recommended the following:

<table>
<thead>
<tr>
<th>Rationalization of Taxes:</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Luxury Tax</strong></td>
</tr>
<tr>
<td>i. The luxury tax should be limited to 4% to make India's accommodation globally competitive.</td>
</tr>
<tr>
<td>ii. The Luxury Tax should be levied on the actual tariff as against the printed tariff.</td>
</tr>
<tr>
<td>iii. The minimum threshold limit be increased to at least Rs 2,000/-</td>
</tr>
<tr>
<td><strong>Airline Taxes</strong></td>
</tr>
<tr>
<td>i. Rationalization of tax structure on air fares and ATF charges.</td>
</tr>
<tr>
<td>ii. Reduction of multiplicity of taxes on the Aviation Sector.</td>
</tr>
<tr>
<td>iii. The tax rate applicable on this sector should be made transparent and with wide disseminations to ensure that these do not vary between airlines on a given sector.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Road &amp; Transport Taxes</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>i. Rationalization of tax structure to have simplified/uniform formula implemented across the States/U.T.s.</td>
</tr>
<tr>
<td>ii. Implementation of the 'TV’ series for the Tourist Transport Operators approved by MOT to ensure that a tourist permit is provided after payment of advance tax so the vehicles can move unhindered across the states.</td>
</tr>
<tr>
<td>iii. Until the TV series is implemented, a system of seamless movement of tourist vehicles through inter-state borders be worked out based on centralized tax collection in the Delhi-Agra-Jaipur circuit.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Goods &amp; Service Tax</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>The GST Regime should include all relevant taxes applicable to tourism and hospitality including:</td>
</tr>
<tr>
<td>i. Luxury Tax,</td>
</tr>
<tr>
<td>ii. State Road and Passenger Tax,</td>
</tr>
<tr>
<td>iii. Aviation Turbine Fuel Charges,</td>
</tr>
<tr>
<td>iv. In case some of the above taxes are not included in the GST Regime then the hospitality and tourism sector should be given a deduction of 4% over the tax rate under the GST i.e., if the tax rate under the GST is 16% then applicable GST should be 12% on the tourism sector.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Fiscal incentives to the Hospitality and Tourism Industry</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>i. Hotels should be considered to be included in the infrastructure lending list.</td>
</tr>
</tbody>
</table>
ii. The incentives available to hotels need to be extended to all tourism service providers under Section 35 AD viz.,
   a) Heritage Hotels  
   b) Inbound Tour Operators  
   c) Travel Agents  
   d) Tourist Transport Operators  
   e) Adventure Tour Operators  
iii. The payments received by Hotels in convertible foreign exchange may be exempted from Service Tax.  
iv. The foreign exchange earned by inbound tour operators be considered as a deemed export and full service tax exemption be provided to them at par with the other exporters.

7: Conclusion

International tourist arrivals in India reached 6.29 Million in 2011 from 5.78 Million in 2010. Tourism industry in India has come a long way since it was given the status of Industry in 1986. Number of facilitative and promotional measures has been taken up by the government at the central and state level for encouraging tourism. Consequently, tourism sector is experiencing and it has vast potential for generating employment and earning large amount of foreign exchange besides giving a fillip to the country’s overall economic and social development. Numbers suggest that the sector is growing at an average rate of 8% annually and has an enormous potential to promise growth and employment in the coming years. In addition infrastructure development, rural development and cultural exchange is likely to grow equally. Moreover, since tourism is a multi-dimensional activity, and basically a service industry, it would be necessary that all wings of the Central and State governments, private sector and voluntary organisations become active partners in the endeavour to attain sustainable growth in tourism if India is to become a world player in the tourism industry-which is currently the attempt.