



Govt. of Punjab



International Punjabi Chamber  
for Service Industry

## *Think India-Think Punjab* Domestic-NRI Connect

### International Summit

Institutional Financing & Investment opportunities  
for Infrastructure Development in  
**Aviation, Tourism & Hospitality Industry**  
Northern India

with Domestic Corporate, NRI/Foreign Direct Investors/Venture Capitalists

Monday, the 28<sup>th</sup> August 2006, New Delhi



## *Backgrounder*

Researched & Compiled by : ITFT-Chandigarh - Centre of Excellence for Aviation, Tourism & Hospitality Management



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Capt. Amarinder Singh  
Hon'ble Chief Minister, Punjab

**Think India - Think Punjab**  
Domestic-NRI Connect

# Agenda 2006

Global Competitiveness - Anchoring NRI Investment & FDI in Punjab  
Business Networking with Indian Corporate

Date	Event	Venue
14 <sup>th</sup> -15 <sup>th</sup> January 2006 (Sat-Sun)	Parvasi Punjabi Divas - 2 <sup>nd</sup> Annual Convention	Chandigarh, India
4 <sup>th</sup> March 2006 (Sat)	Infrastructure, Housing & Real Estate Development Summit	Chandigarh, India
22 <sup>nd</sup> April 2006 (Sat)	International Summit-Creating Media-Entertainment & Film Industry Hub in Punjab	Mumbai, India
1 <sup>st</sup> -9 <sup>th</sup> June 2006 (Thus-Fri)	Investment Networking Meet & Business Interface	USA, UK
24 <sup>th</sup> June 2006 (Sat)	International Summit-Banking, Insurance and Financial Services for Infrastructure and Economic Development - in Punjab	Chandigarh, India
26 <sup>th</sup> -28 <sup>th</sup> July 2006 (Wed-Fri)	Think India-Think Punjab Investment Interface organised by Vice President - IPCSI	Singapore
30 <sup>th</sup> -31 <sup>st</sup> July 2006 (Sun-Mon)	Think India-Think Punjab Investment Interface organised by Associate Vice President - IPCSI (YNRI)	Sydney, Australia
1 <sup>st</sup> -2 <sup>nd</sup> August 2006 (Tue-Wed)	Think India-Think Punjab Investment Interface	Bangkok, Thailand
28 <sup>th</sup> August 2006 (Mon)	International Summit-Institutional Financing Investment for Infrastructure Development in Aviation, Tourism & Hospitality Northern India	Delhi, India
25 <sup>th</sup> October 2006 (Wed)	International Summit "Strategies in Human Resource Development for Employment Generation - Service Industry"	Chandigarh, India
18 <sup>th</sup> -19 <sup>th</sup> November 2006 (Sat-Sun)	JobsFest for Service Industry (Employment Generation)	Chandigarh, India
29 <sup>th</sup> December 2006 (Fri)	Investing Service Industry Projects in Northern Indian Region <i>Mr Karan Singh Thakral takes over as President for year 2007 of IPCSI and regional office opens in Singapore in Asia</i>	Jalandhar, Punjab, India

**Will lead to  
Investment-Infrastructure Development-Employment**



Concept - Planning & Management by:

IPCSI - International Punjabi Chamber for Service Industry

(Single window to channelise Domestic-NRI Investment, FDI & Knowledge Partnership)

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With Dept. of NRI Affairs, Govt. Of Punjab  
as an anchoring Department



**Ms. Ambika Soni**

Union Minister for Tourism & Culture, Govt. of India



**Sh. Praful Patel**

Union Minister of State for Civil Aviation, Govt. of India



**Capt. Amarinder Singh**

Hon'ble Chief Minister, Punjab



**S. Jagmohan Singh Kang**

Minister for Tourism, Govt. of Punjab



**S. Amarjit Singh Samra**

Minister NRI Affairs, Govt. of Punjab



**Sh. Surinder Singla**

Minister Finance, Govt. of Punjab

**Released**

by

**Ms. Ambika Soni**

Hon'ble Union Minister for Tourism & Culture, Govt. of India

at

**International Summit**

Institutional Financing & Investment opportunities  
for Infrastructure Development in

**Aviation, Tourism & Hospitality Industry**

on

*Monday, the 28<sup>th</sup> August 2006, Hotel Intercontinental The Grand,  
Barakhamba Avenue, Connaught Place, New Delhi*



Govt. of Punjab



International Punjabi Chamber  
for Service Industry

**Govt. of Punjab & IPCSI**

*are deeply indebted to*



**Ministry of Tourism,  
Govt. of India,**

*for its valuable support*

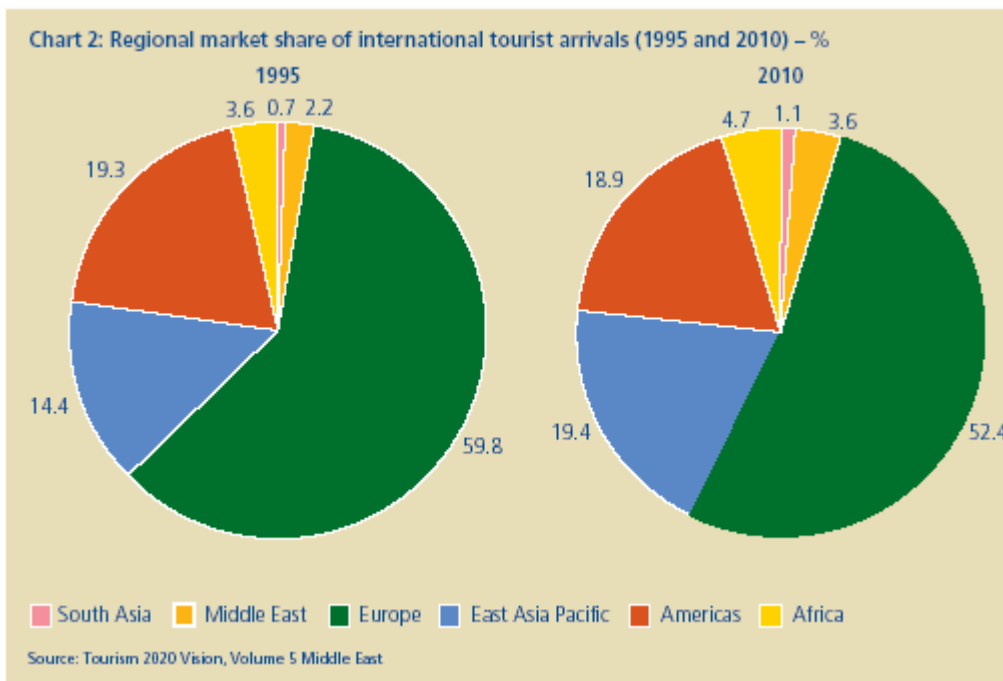
*in organizing  
the International Summit on  
Aviation, Tourism & Hospitality Industry  
on 28<sup>th</sup> August 2006*

# GLOBAL HOSPITALITY MARKETS

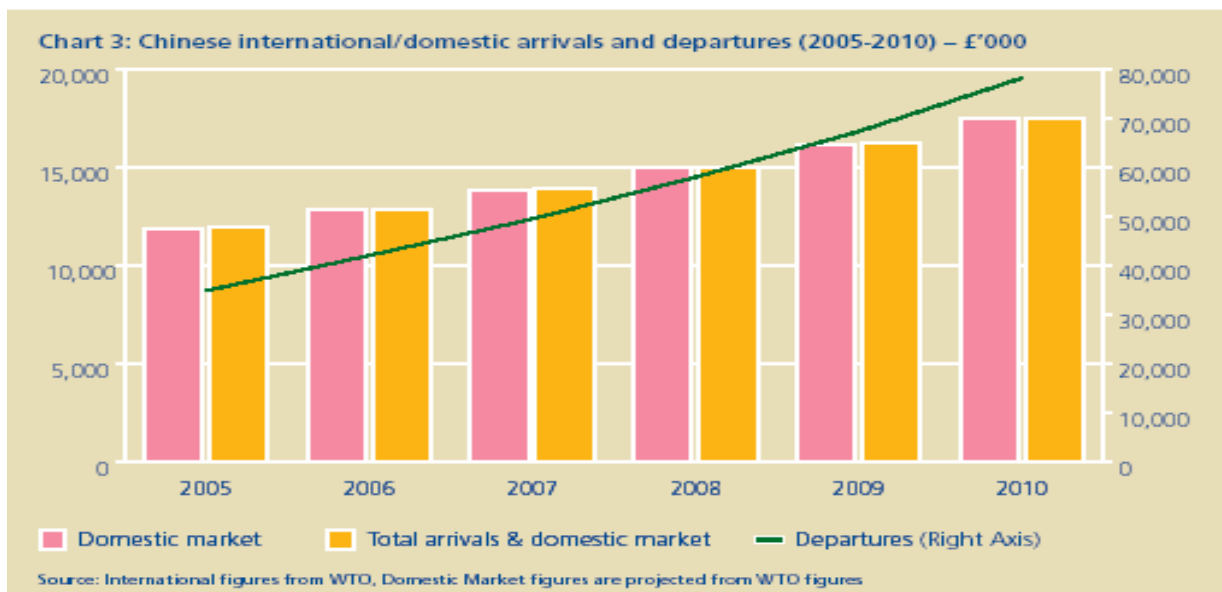
By 2010 there will be approximately one billion tourists a year, if annual increases match the World Tourism Organization's (WTO) long term predictions of a 4.1% average annual growth rate. However, signs are that international tourist arrivals will overshoot these forecasts by some distance – creating dynamic opportunities for companies in the hospitality business. By 2010, we expect to see 791 million interregional travelers and 216 million long-haul travelers by 2010 as emerging markets such as China and India continue to grow, and new middle classes, keen to spend disposable income on travel, make the most of low cost carriers and the easing of visa restrictions. While massive growth is forecast for these emerging markets, other regions around the world – particularly Europe and America – will remain among the most visited destinations. Even in maturing markets such as the US, there is plenty of room for growth – specifically at the high-end – as several CEOs confirmed in our discussions. Currently, China is taking the lion's share of the travel headlines. But with massive investment underway in India and the Gulf States, these are also areas to watch. These three markets, we believe, will see the fastest growth in hotel development outside of the US. China – a magnet for travelers International travel to China has quadrupled to 109 million today, compared to 1990. In the same time, revenue from international tourists has increased by a factor of 12, and now stands at US\$25 billion.

This growth will continue, with the WTO predicting China will become the world's top destination by 2020, with 130 million tourists a year. The 2008 Beijing Olympics, the Shanghai hosted World Expo two years later and the opening of Shanghai Disneyland in the next decade will all add to this fascinating country's attractions. The Chinese domestic picture looks even brighter. Domestic tourism has grown by 10% over the past decade, accounting for more than 95% of all Chinese tourists today. By 2010, the domestic travel industry will be worth US\$100 billion, with 1.75 billion people visiting other parts of their own country. China is, naturally, investing heavily in travel and tourism, with spending expected to grow 8.3% (Annualized Real Growth) to 2016. US\$35 billion, for example, is being spent on the Beijing Olympic games alone. This level of investment is far higher than comparable figures in the US, where a 2.6% increase is expected, albeit from a higher starting point. The growing importance China is attaching to domestic travel has been confirmed by events such as the first China Tourism Investment Fair at Ningbo, the capital city of eastern China's Zhejiang province, last year. This welcomed delegations from 26 provinces and autonomous regions and 18 cities, bringing with them more than 1,000 development projects for discussion.

**Source - Deloitte**



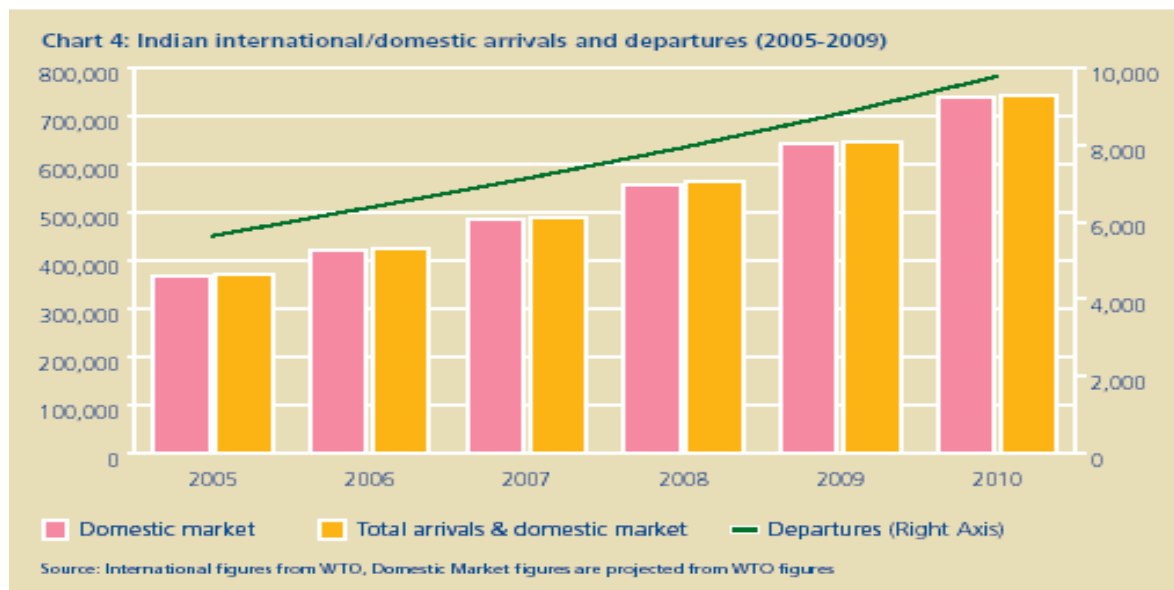
Like China, investment in India's travel and tourism industry is expected to increase, growing by 7.8% (Annualised Real Growth) by 2016, but starting from a base eight times lower. To get things moving, India's government set up a Viability Gap Funding Scheme last year to support large tourism infrastructure projects. It has also launched the Assistance for Large Revenue Generating Projects to increase public-private partnerships/investments in tourism initiatives, including tourist trains, cruise terminals, convention centres and golf courses. With this amount of growth underway, the region's airlines have taken prompt action. At last year's Paris Air Show, Indian airlines reportedly placed orders for around 190 aircraft, and this is set to rise to around



Source - Deloitte

India invests for growth

India's buoyant economy, and its boom in business and leisure travel are driving strong growth in tourism. This has been helped by lower airfares and an emerging middle class, keen to travel for the first time. The number of domestic tourists in India is expected to reach 750 million in 2010 from 368 million in 2004. As international tourist arrivals in India are also rising rapidly – up to 5.1 million by 2010 predict the country will need between 400,000 and 900,000 more branded hotel rooms in the next five years. The emphasis will be on the lower end of the market, including economy hotels and serviced apartments. In response, Indian Hotels plans to invest US\$328 million<sup>8</sup> in building 150 IndiOne economy hotels in the next five years. A joint venture between InterGlobe Enterprises and Accor – InterGlobe Hotels – should lead to the development of 25 Ibis economy hotels in the next 10-12 years<sup>9</sup>. The Bird Group also plans to build 20 new hotels in the region<sup>9</sup>. lower airfares and an emerging middle class, keen to travel for the first time. The number of domestic tourists in India is expected to reach 750 million in 2010 from 368 million in 2004.



Source - Deloitte

### The Gulf States move ahead

To reduce the region's economic reliance on oil, many countries of the Gulf States are now focusing on tourism, capitalizing on their natural assets, historic cultures and Islamic traditions. Massive investments are already paying off, as the Middle East is now the fourth most visited region in the world.<sup>12</sup> An average annual growth rate of 7.3% is predicted, and by the year 2020, the region will be welcoming 4.4% of all tourist arrivals – around 68.5 million people<sup>13</sup>. Investment in tourism in the Middle East is highest in the United Arab Emirates, followed by Saudi Arabia, with Qatar projected to have the highest growth<sup>7</sup>. Dubai's hotel market currently ranks among the world's best. In 2005, a record 5.42 million guests stayed at the country's 371 hotels and hotel apartments, bringing in a total of US\$1.7 billion<sup>14</sup>. By 2010, the government expects 15 million visitors a year to arrive in Dubai, about three times the current number<sup>15</sup>. Dubai has built its reputation on luxury, which has been popular with both developers and consumers. Consider the development of Kempinski Hotels' five-star Swiss chalet-style hotel next to five indoor ski slopes inside one of the world's

largest malls; the building of the world's largest hotel tower; the Burj Dubai; and of course the Palms Jumeirah, Jebel Ali and The World.

Table 2: Numbers of travellers (millions) and number of branded rooms per million travellers in 2005

Country	Travellers	Branded rooms
China	1,141.7	96.3
India	371.0	29.2
UK	175.7	1,007.5
US	1,210.1	2,444.8

Source: China National Tourist Office, India National Tourist Office, WTO, Mintel, Smith Travel Research, HVS International, Travel Research International

Table 3: Branded rooms requirements in India and China based on US and UK operating models

	US model	UK model
Number of branded rooms per million travellers	2,445	1,007
China – number of new branded rooms required	2.7m	1.0m
India – number of new branded rooms required	0.9m	0.4m
Total number of branded hotels required in China and India (average of 100 rooms per hotel)	36,000	14,000

Source: Deloitte calculations

Source - Deloitte

## ASIAN HOSPITALITY INDUSTRY

Improved infrastructure and increasing affluence, coupled with new air service agreements and the proliferation of low-cost carriers is anticipated to support the growth of the hotel industry in China. There will be an expanded opportunity for leading hotel operators to partner with experienced hotel real-estate owners and brands to increase presence in up-and coming cities. We can also expect the introduction of new brands and new concepts into the region, as the industry addresses the changing needs of the different market segments. Expansion into China is a priority for many large international hotel companies across all market segments. Marriott International expects to have 75 hotels in China within 10 years. Currently, Starwood has 25 hotels in China and continues its aggressive expansion momentum with 25 additional hotels and resorts under construction under its Westin, Sheraton, W Hotels, Le Meridien and Four Points by Sheraton brands. Shangri-La plans to focus on China with the announcement of more than 15 projects in 2005 and intentions to develop its Trader brand in China. The growth in domestic travel is large and anticipated to expand as the standard of living and disposable income increase. Many brands are incorporating strategies to unlock the potential of domestic tourism by developing the budget hotel sector. Accor was the first international hotel group to pioneer this sector, bringing a European model and adapting it to local conditions. The CEO of Super 8 Hotels China was awarded two national Chinese tourism awards in 2005 and the company surpassed its own growth targets while establishing a widely known and prestigious brand. Only until a few years ago, the "best" hotels in Tokyo were known to be those domestically managed and operated hotels located in or adjacent to the Marunouchi financial district. These hotels provided traditional Japanese-style services in equally traditional facilities.

However, they have recently been replaced by Western-style hotels including Grand Hyatt in Roppongi, the Westin Hotel in Ebisu, and Park Hyatt in Shinjuku. In addition, Tokyo expects the opening of Peninsula, Ritz-Carlton and other international hotels in the near future. Today, the Western-style hotels considerably lead the traditional Japanese-style hotels in both occupancy and average daily room rates.

- The increasing number of Japanese who travel internationally has resulted in familiarity with Western hotel management companies
  - The increasing number of foreign hotel guests in Tokyo
  - The casual style of services offered by Western-style hotels versus the services offered by the domestic hotels (which are viewed by some as being too formal)
  - The younger Japanese generation's love for Western products
  - The fashionable and trendy ambience and entertainment value offered by Western hotels
- But most of all, this trend is due to the internationally managed hotels' ability to remain in touch with the ever-changing appetite and preferences of today's hotel guests and to these hotels' ability to modify their services, amenities, and facilities on a timely basis. To combat this trend, an increasing number of domestic luxury hotel operators are

upgrading in order to strengthen their competitiveness with the internationally managed hotels. Such competition and improvements are sure to benefit the Tokyo lodging market as a whole.

## **ASIA PACIFIC**

In today's environment of increased globalization, hotel operators are faced with a number of brand management challenges. The increased use of the Internet by consumers and businesses around the world is having a profound effect on the production, marketing, and distribution practices of the tourism industry. In Australia and around the

world, the Internet is increasingly being used to research, promote, book, and pay for tourism products and services. A multitude of hotel brands in the Asia-Pacific region have initiated unique ways to successfully manage their brands and adapt to changing market demands. Within the Asia-Pacific region, Accor is one of the largest and fastestgrowing hotel groups. Accor's Ibis economy hotel brand has developed an innovative program to provide customers with the facilities that they really require rather than extras that only serve to raise costs and prices. To achieve this, they have introduced a number of operational innovations that distinguish the brand from its competitors, including multi-task job responsibilities for all reception staff, no frills "round-the-clock" food service where guests are encouraged to pick up their meals from the lobby restaurant, and luggage trolleys that allow customers to transport luggage to and

from their room themselves. The InterContinental Hotels Group, another prominent brand in the region has also introduced a number of initiatives to adapt to the changing market demand and keep their brand current and desirable. Inter Continental's Priority Club provides a number of loyalty based innovations, including the collection of points or airline miles, redemption points instantly for hotel stays, and the ability to earn and redeem points in over 3,600 locations. Other key players within the region include global brands such as Hilton, Hyatt, and Sheraton. Hyatt has responded to the changing market demands and the more technologically advanced guest by recently introducing a collection of new products and services designed to reduce inconveniences for their

guests. The company created Web Check in, and E-Concierge, an online tool designed that will allow guests to plan and organize the perfect stay with destination activities. Fast.

## **INDIA**

The premium segment of India's hospitality sector has been the main arena for brands and it has a mix of indigenous as well as foreign brands. Some of the largest hotel chains in India are ones that have strong Indian brands that have acquired an overseas presence as well. On the other hand, the share of foreign brands in the premium segment (five-star and above) has also been on an uptrend and could rise even further, as most of the large global operators have significant expansion plans for India. Moreover, though the presence of foreign brands has in the past been largely limited to the five-star and five-star deluxe categories, the market is now perceived by various global operators as being ready for supporting some of the luxury and super-luxury segment brands as well. With respect to foreign brands, there seems to be an increasing level of separation of ownership and management, with more hotel developers opting for management contracts (vis-à-vis pure franchise arrangements) with global operators, a preferred option for several of the large operators and brand franchisors as well. This, along with the efforts of the large Indian chains to clearly segment the market with different brands and sub-brands, is likely to lead to an increasing level of brand standardization in the Indian market. A key segment where branding has not, in the past, managed to take off is the budget hotel segment. Most of the budget hotels in India have been independently owned and have not been part of a branded chain. However, given the potential of the budget hotel segment, large players are entering it and the share of the branded sector in this area is set to rise. This would also imply a greater role for branding in the relatively smaller cities of India in the near future and thus a more pervasive role of branding in the Indian hospitality sector.

## **Airlines and hotels**

### **A shift in traffic**

More than 1.6 billion<sup>1</sup> passengers a year use the world's airlines for business and leisure travel today. By 2010, we expect that to soar to around 2.3 billion, with Revenue Passenger Kilometers (RPKs) reaching 5 trillion. As you can see in the chart 12, some regions will experience even stronger growth. Last year, more than 50% of total passenger

traffic was generated within North America and Europe, with Japan accounting for an additional 4% from domestic or international flights<sup>1</sup>. These three regions equate to more than 70% of the US\$ 400 billion of airline revenues<sup>1</sup>. However, this picture will change dramatically in the next five years, due mainly to the emergence of China and India as economic superpowers, set to capture around 15% of the expected growth in global traffic. Business travel will dominate, but inbound and outbound leisure tourism will account for a significant slice of the traffic. Importantly, this signals the opening of an entirely new market, since much of the growth will come from people who have never flown before. To date, air travel has been mainly a privilege for the western, industrialized mass market, but it will increasingly become an option for all. While liberalization of domestic and international traffic, fuel prices and political stability will

impact the speed of growth, there is no doubt that there will be sizeable shift in air traffic from North to South, and from West to East.

**Source - Deloitte**

## **Business, pleasure – or both**

People choose to fly for both business and leisure reasons, but will the distinction between the two continue to matter? Across America and Europe, product differentiation is changing. Some airlines, such as Aer Lingus, have abolished business class on short and medium-haul flights, while Low Cost Carriers (LCCs) have introduced features such as in-flight entertainment and departures from first tier, business friendly airports to attract more business clients. Recently, several companies have brought in business class “low cost” options on long haul routes. Fierce competition between LCCs and the traditional carriers, plus cost cutting by both airlines and corporate travel managers, have triggered this trend. But as the airline industry stabilizes and the corporate market recovers, there will be space for more product differentiation, including business and luxury services. This can already be seen on intercontinental traffic, where some airlines, such as Air France, British Airways,

KLM, Lufthansa and Virgin are now offering all-business class flights, and most major network carriers are investing heavily to improve their products. This upward market segmentation is illustrated by marketing campaigns featuring:

- Increased on-board comfort levels, with possible shower facilities, gym and massages.
- Seamless and pervasive technology, with broadband as the bare minimum, and possibly video conferencing.
- Mood lighting to aid jetlag and assist sleep.
- On-board entertainment to move into ‘home-from-home,’ with online gaming and the option to challenge fellow passengers.
- Amenities that focus on customers’ personal needs. Using CRM technologies and data capture, airlines can offer a passenger’s preferred reading materials, menu items, wines, and other services.
- Segmentation of the physical space to allow interaction or solitude.
- Door-to-door rather than gate-to-gate service.

Despite the intrusive, though vital, security at airports, these additional personal touches and luxury facilities will make the flight an enticing prospect again – for some. It would seem that, although air travel has generally become a commodity product, airlines will continue to find ways to differentiate between the value conscious and those seeking luxury.

**Source - Deloitte**

## **The future of low cost travel**

If the way forward for many airlines is more luxury, does that mean that LCCs have reached the end of the road? Not quite. The continuous expansion of low cost travel in the US, where it first took hold in the 1970s, proves the business model foundations are

sound and still meet the needs of a major chunk of the market of an entirely new market, since much of the growth will come from people who have never flown before. To date, air travel has been mainly a privilege for the western, industrialised mass market, but it will increasingly become an option for all. While liberalisation of domestic and international traffic, fuel However, we do expect significant changes in the segment across Europe and Asia, where LCCs are still youthful and facing some unprecedented challenges. The market is reaching saturation in Northern Europe. There is also tough competition from network carriers, which are in better shape in Europe and Asia than they are in the US, as well as charter airlines. It follows that consolidation is on the cards, either among the LCCs themselves, through acquisition or market exit by start-ups. Survivors, however, will continue to be among the world's most profitable airlines, generating less than 50% of revenue through ticket sales, with the bulk of their revenue and all of their profit coming from related activities, including on-board sales, car rentals and hotels, ground transportation tickets fees, and other services.

- Customer loyalty will depend on the hotel operator's ability to deliver the brand promise consistently at every touch point – from reservation to post-stay. Getting it right will deliver sustained returns and brand premium. Action is needed to review the customer relationship on a holistic basis and operationalise the brand response to the customer – at every touch point. Among other things, this will require:
  - A virtual, as well as a physical CRM strategy. An eCRM strategy will become even more important as broadband and next generation mobile communications become pervasive.
  - Investment in loyalty programmes that recognize customer needs. Points may not always be the answer, but hotels must find innovative ways to recognize and reward customers if they want to increase loyalty.
- Innovation in both products and market segmentation must meet the diverse needs of the four generations. The 'one size fits all' approach will no longer work. Work is needed to define the brand persona which should reflect the expectations of the target generation.

These will vary across different regions. Operations, sales and marketing, and service delivery must be adapted to the different needs of each generational segment.

- As product and software platforms converge, IT investments must be rigorously evaluated to ensure spending is matched by greater efficiency and/or increased RevPAR. Investment in short term IT 'fads' should be avoided.
- The talent agenda, aimed at attracting and retaining employees, will require investment in new dimensions – focused more on generational values and less on traditional compensation structures. Performance metrics will need to reflect the transition from asset manager to brand owner. HR will need to reflect 2010 values – including flexible working, onsite and work-from-home arrangements, and ethnic and religious integration. Enterprise-wide HR processes and training, traditionally an area of under investment by the industry, will be essential.
- The emerging markets of China, India and the Gulf States offer massive opportunities for development. Entry and growth strategies should be developed that reflect the unique business, real estate and tax environments of each market. Given that China and India present huge potential markets for domestic tourism, investment in product innovation and adaptation to local preferences will be necessary.

- Recruitment of trained talent is a challenge in the emerging markets of China, India and the Gulf States and action is required to develop local and international training to meet the demand. With the number of Chinese tourists rising rapidly, Mandarin language skills will be in strong demand worldwide. Hotels will need to make sure their F&B and entertainment offerings cater for these new travelers. Are your hotels ready to receive Chinese visitors?

**Source - Deloitte**

## **International hotel brands to raise toast to India**

The Indian hospitality sector is all set to witness a flood of the world's leading hotel brands. New brands such as Amanda, Satinwoods, Banana Tree, Hampton Inns, Scandium By Hilt and Mandarin Oriental are planning to enter the Indian hospitality industry in joint venture with various domestic hotel majors. Hotel developers like ITC, EIH, Bharat Hotels, Viceroy, DLF, Unitech and Royal Palms are currently in negotiations with various hotel brands. ITC wants to extend its existing tie-up with the US-based Starwood Hotels beyond the latter's Sheraton brand and may bring other Starwood brands like W Hotels, Westin, Four Points and Aloft to India in ITC's new projects. Unitech which is setting up two hotels in Delhi, has already formed a joint venture with Marriot International to run its three new hotels in India, which are expected to start operations by '08. Mumbai-based Royal Palms is in talks with Anando, Starwoods, and Singapore based Banyan Tree for its three new hotel projects coming up in various parts of India. The firm has already tied-up with the US-based Carlson Hospitality and bought the Park Plaza brand to India recently. Currently, over 142 luxury hotel projects are coming up in India with an investment of Rs 7,300 crore. The country is witnessing a spurt in hotels as India is facing a severe shortage of quality hotel rooms because of increased business activity and a spurt in leisure travel by the country's burgeoning middle class, as well as international tourists. "These factors have generated a great interest in the American and European markets and many hotel brands have been keen to enter the Indian hospitality sector," industry analyst said. International tourist arrivals rose 13.2% in '05 to 3.9m, the highest ever, and the government expects arrivals in '06 to grow by 15%. DLF sources said that Hilton International will be a minority stake holder in its hotel development company. The properties under DLF-Hilton joint venture would be managed and marketed by Hilton International. DLF has chalked out plans to set up over 100 business and four-star hotels in 50 cities over the next seven to 10 years. Hilton may bring its other brands like Travel Lodge, Howard Johnson, Galileo GDS and Gulliver Travels to India. Dubai based Kingdom Hotel Investments is looking at an investment \$1 bn and is currently in talks with leading hotel companies in India and is looking out for land and hotel projects in the country. InterGlobe Hotels has tied up with European player Accor to set up 12 hotels under the Ibis brand. UK-based hospitality chain Thistle and Guoman Hotels has tied up with Nijhawan Group as its sales and marketing representative in the country.

\* (Source [www.expresshospitality.com](http://www.expresshospitality.com) ) This eighth edition of the Indian Hotel Industry Survey compiled by HVS International based on the data supplied by FHRAI (on the basis of facts and figures sent by its hotel members on Hotel Fact Sheet), presents a study of 1,065 hotels (74,112 rooms) across various cities in India, compared to 1,109 hotels (60,773 rooms) last year. Mumbai had the largest number of survey participants

(91 in all categories), followed by New Delhi (30 in all categories), Bangalore (27 in all categories), Goa and Kolkata (23 each in all categories).

As before, we present two key operating characteristics - occupancy and average room rate (ARR) - for 30 important hotel markets on an 'All India' basis.

- In 2004-05, Visakhapatnam was the market leader in terms of occupancy, registering occupancy of 80.6 per cent. Bangalore achieved the second-highest occupancy at 79.8 per cent. It also had the highest (ARR), across all categories among the 30 cities, with an ARR of Rs 6,762. New Delhi was the second highest, registering an ARR of Rs 5,498. All India average occupancy was 63.6 per cent, an increase of 3.9 per cent occupancy points above the previous year's level, or 6.5 per cent in real terms. All India ARR increased by 26.9 per cent over the previous year.
- Star category-wise occupancies ranged between 46.3 per cent to 72.1 per cent. Average rates showed a much greater spread, from Rs 5,499 for five-star deluxe hotels to Rs 643 for one-star hotels, an increase of Rs 1,052 and Rs 140, respectively, from the previous year.
- The All India average revenue per available room (RevPAR) increased substantially, from Rs 1,605 in 2003-04 to Rs 2,170 in 2004-05, reflecting an increase of 35.2 per cent. In the eight years of the survey, this has been the second-highest RevPAR growth (the highest was 46.2 per cent in 2003-04).
- Rooms revenue, generally considered being the most important source of a hotel's overall profitability, was 57.7 per cent of total revenue for five-star deluxe hotels, 60.1 per cent of total revenue for five-star hotels and 56.6 per cent for four-star hotels. Overall (across all hotels) it represented 57.3 per cent of total revenue (an increase of 5.7 per cent from 2003-04).
- Food & Beverage revenue represented 28.3 per cent of total revenue across all hotels, a decrease of 4.6 per cent from last year. (This reflects the increased share of rooms revenue in the total of 100). The all India average of Rooms department expense as a percentage of Rooms revenue declined further from 17.8 per cent in 2003-04 to 14.7 per cent in 2004-05.
- Similarly, the all India average Food & Beverage department expense as a percentage of Food & Beverage revenue declined from 55.9 per cent in 2003-04 to 53.9 per cent in 2004-05. Minor Operated department expense as a percentage of Minor Operated department revenue registered an increase from 53.7 per cent in 2003-04 to 58.8 per cent in 2004-05.
- Telephone and other department expense, at 64.3 per cent of total revenue, was the highest departmental expense. Total departmental expense as a percentage of total departmental revenue reflected a further decline, from 37.4 per cent in 2002-03 and 33.7 per cent in 2003-04 to 30.9 per cent in 2004-05. This is partly owing to higher ARR's.
- Percentage of foreign guests increased to 28.3 per cent in 2004-05, compared to 25.0 per cent in 2003-04, primarily as the percentage of foreign business travellers grew. Of the foreign guests, the UK provided the largest demand, at 16.2 per cent, followed by USA, at 12.8 per cent, and France at 7.2 per cent. Domestic guests continue to be the most important segment for the Indian hotel industry, accounting for 71.7 per cent of all guests in 2004-05, though this has decreased marginally from 75 per cent in 2003-04 and 76.9 per cent in 2002-03.

- All India average stay of a business traveller has increased from two days to 2.4 days. There is an increase in foreign business travellers utilising five-star deluxe, five-star, four-star hotels and heritage hotels from 27 per cent, 18.6 per cent, 11.4 per cent and 11.7 per cent, respectively, in 2003-04 to 28.1 per cent, 21.4 per cent, 13.7 per cent and 14.1 per cent, respectively, in 2004-05.
- Owing to all India increased occupancy, property operations and maintenance expenses per available room (PAR) has increased from Rs 69,735 in 2003-04 to Rs 91,981 in 2004-05.
- Average monthly occupancy was highest in December (at 71.7 per cent), followed by November (at 67.8 per cent) and January, February (at 65.8 per cent).
- Direct enquiry and advance reservations by travel agents and tour operators cumulatively comprise 75.9 per cent of reservation source for the Indian hotel industry. Five-star deluxe hotels are making the best use of GDS as 8.1 per cent of the total reservations for five-star deluxe hotels come from GDS, against the all India average of 1.7 per cent. GDS reservations generally provide higher room rates compared to the other channels.
- Print advertising is the most popular medium used by the Indian hotel industry with the all India average at 92.2 per cent of hotels using it, followed by 82.5 per cent using direct mails.
- Radio advertising features as the least utilised marketing media at 8.4 per cent, followed by merchandising at 24.5 per cent, by the Indian hotel industry in 2004-05. All five-star deluxe hotels (sample size 32) used the hotel website at 100 per cent as a marketing medium in 2004-05.
- Credit cards as a mode of transaction increased from 27.7 per cent and 30.4 per cent in 2002-03 and 2003-04, respectively to 32.5 per cent in 2004-05. Credit cards remained the most popular method of payment at five-star deluxe hotels at 47.4 per cent. Visa (41.8 per cent) was the most widely used credit card by hotel guests in 2004-05, followed by Mastercard (37 per cent). American Express charged the highest credit card commission at 2.9 per cent against 1.7 per cent by Visa and Mastercard.

Comparison with the results of the survey in 2004-05 with the previous year, shows that nearly all categories (except one-star hotels) saw an increase in occupancy and a significant increase in average rate (except heritage hotels). This resulted in a major increase in RevPAR across all categories with the highest RevPAR growth in four-star hotels at 41.9 per cent and an all India RevPAR growth at 35.2 per cent. The demand for rooms has been positive and owing to lack of adequate new supply, hotels in nearly all categories have managed to simultaneously increase the occupancy and average rates.

- Among environmental issues, electricity consumption is the most monitored attribute, followed by water consumption. Five-star deluxe and five-star hotels continue to monitor environmental issues most closely. Energy expenses accounted for 8.9 per cent of total revenue in 2004-05 against 10.5 per cent of total revenue in 2003-04 and 12.3 per cent in 2002-03. This may be partly attributed to rising revenues and partly to the increase in efforts made to conserve energy by the industry

Average Occupancy						Average Rate				
City	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005
All India	55.60%	53.20%	54.80%	59.70%	63.60%	Rs 2,046	Rs 2,058	Rs 2,004	Rs 2,689	Rs 3,413
Agra	55.40%	42.90%	42.20%	51.00%	62.70%	Rs 1,615	Rs 1,269	Rs 1,232	Rs 2,201	Rs 1,895
Aurangabad	44.80%	ID	34.10%	63.00%	61.10%	Rs 1,378	ID	Rs 1,733	Rs 2,998	Rs 1,784
Bangalore	72.10%	62.80%	72.40%	78.90%	79.80%	Rs 2,570	Rs 1,921	Rs 2,149	Rs 4,109	Rs 6,762
Bhopal	53.90%	ID	62.30%	59.60%	71.20%	Rs 1,288	ID	Rs 1,145	Rs 1,677	Rs 1,785
Chennai	75.10%	65.00%	63.90%	61.60%	73.30%	Rs 2,118	Rs 1,936	Rs 2,048	Rs 2,061	Rs 2,384
Cochin	68.20%	58.70%	57.60%	69.00%	64.80%	Rs 816	Rs 1,306	Rs 1,089	Rs 1,368	Rs 1,062
Coimbatore	56.40%	ID	ID	64.50%	67.50%	Rs 1,366	ID	ID	Rs 1,407	Rs 1,401
Darjeeling	26.30%	28.20%	ID	62.60%	66.30%	Rs 671	Rs 1,630	Rs ID	Rs 1,902	Rs 1,570
Goa	57.10%	56.10%	60.20%	65.30%	60.10%	Rs 2,174	Rs 1,756	Rs 1,982	Rs 2,147	Rs 2,704
Hyderabad	71.40%	67.20%	71.00%	72.80%	75.20%	Rs 1,842	Rs 1,131	Rs 2,049	Rs 2,406	Rs 2,729
Indore	65.10%	77.50%	64.70%	61.40%	60.00%	Rs 874	Rs 850	Rs 782	Rs 521	Rs 661
Jaipur	52.30%	56.20%	56.90%	62.60%	71.50%	Rs 2,051	Rs 1,543	Rs 1,289	Rs 1,628	Rs 1,791
Jodhpur	34.70%	32.50%	37.40%	45.90%	56.20%	Rs 2,117	Rs 1,290	Rs 1,561	Rs 1,226	Rs 3,346
Kolkata	66.70%	61.70%	63.60%	64.60%	67.10%	Rs 2,465	Rs 1,417	Rs 1,342	Rs 2,520	Rs 2,210
Kullu-Manali	44.40%	39.80%	ID	34.50%	47.00%	Rs 760	Rs 1,498	ID	Rs 1,964	Rs 2,668
Lucknow	53.30%	56.50%	56.60%	66.30%	66.70%	Rs 2,019	Rs 1,166	Rs 1,129	Rs 1,642	Rs 1,867
Mount Abu	ID	42.10%	38.10%	51.80%	47.10%	ID	Rs 980	Rs 922	Rs 1,084	Rs 1,255
Mumbai	66.10%	63.80%	62.60%	66.30%	74.90%	Rs 3,591	Rs 2,075	Rs 1,822	Rs 3,063	Rs 4,307
Mussoorie	52.90%	ID	ID	70.00%	61.00%	Rs 1,766	ID	ID	Rs 2,685	Rs 2,997
Mysore	52.50%	ID	51.10%	34.80%	ID	Rs 660	ID	Rs 1,120	Rs 878	Rs ID
Nagpur	55.00%	60.00%	57.20%	51.30%	46.10%	Rs 643	Rs 1,113	Rs 1,032	Rs 985	Rs 931
New Delhi	59.30%	55.90%	58.30%	69.10%	76.60%	Rs 3,911	Rs 3,434	Rs 2,918	Rs 4,247	Rs 5,498
Pune	58.10%	58.00%	59.90%	62.10%	77.20%	Rs 2,036	Rs 1,044	Rs 1,141	Rs 1,820	Rs 1,295
Shimla	48.10%	43.60%	46.70%	45.00%	53.80%	Rs 1,062	Rs 1,578	Rs 1,022	Rs 2,080	Rs 1,679
Thiruvananthapuram	57.00%	55.40%	60.30%	51.10%	47.50%	Rs 1,153	Rs 966	Rs 983	Rs 1,302	Rs 1,805

Udagamandalam (Ooty)	ID	38.00%	ID	48.80%	44.40%	Rs ID	Rs 947	Rs ID	Rs 1,609	Rs 1,861
Udaipur	44.00%	44.30%	46.60%	45.70%	54.50%	Rs 3,402	Rs 1,924	Rs 1,644	Rs 2,473	Rs 3,800
Vadodara	58.00%	43.50%	46.40%	62.50%	62.60%	Rs 1,116	Rs 1,039	Rs 1,110	Rs 458	Rs 467
Visakhapatnam	65.60%	56.60%	ID	70.10%	80.60%	Rs 877	Rs 1,184	ID	Rs 1,293	Rs 1,531
<b>ID - Insufficient Data</b>										

### Other significant trends

- All India average revenue per hotel has grown significantly, from Rs 9.15 crore during 2003-04 to Rs 11.49 crore during 2004-05, and is expected to see further improvement in the next few years owing to an increase in occupancy and average rate.
- House Profit (Gross Operating Profit after deducting franchise and management fees) as a percentage of revenue increased from 34.8 per cent in 2003-04 to 40.7 per cent in 2004-05. The all India average net income (income before depreciation, interest payments and taxes) per hotel also increased, from Rs 2.80 crore (34.8 per cent) in 2003-04 to Rs 4.08 crore (40.7 per cent) in 2004-05, reflecting the overall health of the industry.
- July has the lowest monthly occupancy in the year. However, occupancy for all months was higher in 2004-05 compared to the last five years.

There is thus a clear and urgent need for more hotel rooms. What is however not quite clear is the quantum of investment required, “According to government estimates, India needs about 80,000 rooms in all categories over the next two to three years at an estimated cost of about \$8 billion to \$9 billion, out of which about 20 per cent should be in the premium segment.” According to some analysts, there's demand for 150,000 new hotel rooms, which would cost \$10 billion to build. Indian Hotels' Misra estimates that over the next three to five years, new room demand is likely to be in the region of about 10,000 to 12,000 rooms with an investment of about \$66,000 per room. India's unique advantage for the hotel industry, as is the case for most other industries, is that a huge chunk of demand is domestically generated. Just 16 to 18 per cent of its demand for rooms comes from foreign tourists. According to estimates, 100 million Indians travel within their country each year, enough to fill up the capacities being set up. Several global hotel chains are racing to increase their presence in India. One such hotel chain is the Marriott. “Marriott International is eager to grow its portfolio in the country consisting of full service and limited service hotels. With many different promoters/owners expressing interest, all seems very positive from the development reports, the French hospitality chain, the Accor group, has also planned an outlay of \$188 million. Even Indian hotel companies players are changing their strategy. “We have decided to adopt the management contract route for most of our future expansions, except

where we have already committed,” says East India Hotels' Mukherjee. Thus, the upcoming 175 room property at Gurgaon, near Delhi, will be a managed property. The Taj group has recently won the contract to manage The Pierre, a 75 year-old luxury hotel on New York's Fifth Avenue. This is the fourth management contract the Taj group has signed for an international hotel property this year, after the ones in Bhutan, Langkawi (Malaysia) and Dubai. The current good-times in the hotel business may be part of a larger business cycle, which occurs periodically in corporate history. But one spinoff is certain; it has heralded the coming-of-age of Indian hotel chains.

Accompanying the entry of new branded properties will be stiff competition for talent. According to our preliminary estimates, there are about 55,000-60,000 rooms presently under construction and this amount accounts for only 50 percent of the estimated demand of 100,000-125,000 rooms over a five-year horizon. At an average of 1.5 employees per room, there will be demand for 187,500 new jobs in operations and at the managerial level. Money will no longer be the only motivation; those seeking to make a career in hospitality will closely evaluate the hotel's/company's work environment and work culture and opportunities to learn and grow.

### WORLD TRAVEL AND TOURISM MARKET

Travel & Tourism – Encompassing Transport, Accommodation, Catering, Recreation And Services For Visitors – Is One Of The World's Highest priority Industries And Employers.

World Travel & Tourism is expected to generate US\$6,477.2 bn of economic activity (Total Demand) in 2006, growing (nominal terms) to US\$12,118.6 bn by 2016. Total Demand is expected to grow by 4.6% in 2006 and by 4.2% per annum, in real terms, between 2007 and 2016. 2006 Total Demand represents 100.0% of world market share.

#### GDP - Contribution of Travel & Tourism to an Economy's GDP

The World's T&T Industry is expected to contribute 3.6% to Gross Domestic Product (GDP) in 2006 (US\$1,754.5 bn), rising in nominal terms to US\$2,969.4 bn (3.6% of total) by 2016. The T&T Economy contribution (percent of total) should rise from 10.3% (US\$4,963.8 bn) to 10.9% (US\$8,971.6 bn) in this same period.

#### EMPLOYMENT - Number of Jobs Generated by Travel & Tourism

World T&T Economy employment is estimated at 234,305,000 jobs in 2006, 8.7% of total employment, or 1 in every 11.5 jobs. By 2016, this should total 279,347,000 jobs, 9.0% of total employment or 1 in every 11.1 jobs. The 76,729,000 T&T Industry jobs account for 2.8% of total employment in 2006 and are forecast to total 89,485,000 jobs or 2.9% of the total by 2016.

#### VISITOR EXPORTS - Foreign Visitor Spending in an Economy

World Travel & Tourism is expected to generate 11.8% of total exports (US\$1,646.2 bn) in 2006, growing (nominal terms) to US\$3,468.4 bn (10.9% of total) in 2016.

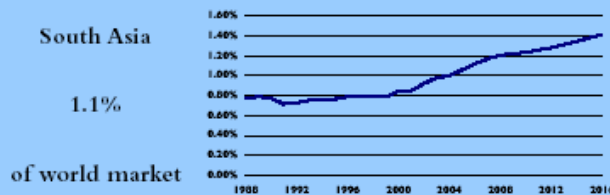
GDP*	EMPLOYMENT*	VISITOR EXPORTS	PERSONAL T&T	CAPITAL INVESTMENT	GOVERNMENT EXPENDITURE
<b>OUTLOOK FOR 2006 (Real Growth)</b>					
▲ 4.8%	▲ 4.4%	▲ 6.5%	▲ 3.7%	▲ 4.9%	▲ 2.2%
<b>OUTLOOK FOR THE NEXT TEN YEARS (Real Growth per Annum 2007-2016)</b>					
▲ 3.7%	▲ 1.8%	▲ 4.9%	▲ 3.4%	▲ 4.6%	▲ 2.6%

**South Asia**

### TOTAL DEMAND

South Asia Travel & Tourism is expected to generate US\$72.3 bn of economic activity (Total Demand) in 2006, growing (nominal terms) to US\$171.3 bn by 2016. Total Demand is expected to grow by 8.2% in 2006 and by 7.4% per annum, in real terms, between 2007 and 2016. 2006 Total Demand represents 1.1% of world market share.

### WORLD MARKET SHARE



### WORLD RANKING (out of 13 Regions)

11	ABSOLUTE size
13	RELATIVE contribution to regional economy
1	GROWTH forecast

### GDP - Contribution of Travel & Tourism to an Economy's GDP

South Asia's T&T Industry is expected to contribute 2.2% to Gross Domestic Product (GDP) in 2006 (US\$22.0 bn), rising in nominal terms to US\$42.0 bn (1.9% of total) by 2016. The T&T Economy contribution (percent of total) should decline from 5.5% (US\$55.3 bn) to 5.2% (US\$116.3 bn) in this same period.

### EMPLOYMENT - Number of Jobs Generated by Travel & Tourism

South Asia T&T Economy employment is estimated at 30,891,000 jobs in 2006, 5.2% of total employment, or 1 in every 19.4 jobs. By 2016, this should total 35,492,000 jobs, 4.8% of total employment or 1 in every 20.7 jobs. The 13,345,000 T&T Industry jobs account for 2.2% of total employment in 2006 and are forecast to total 14,119,000 jobs or 1.9% of the total by 2016.

### VISITOR EXPORTS - Foreign Visitor Spending in an Economy

South Asia Travel & Tourism is expected to generate 5.4% of total exports (US\$13.5 bn) in 2006, growing (nominal terms) to US\$41.1 bn (3.1% of total) in 2016.

### PERSONAL TRAVEL & TOURISM - Amount Spent on T&T by Residents

South Asia Personal Travel & Tourism is estimated at US\$28.7 bn or 3.9% of total personal consumption in year 2006. By 2016, this should reach US\$62.7 bn or 4.2% of total consumption. South Asia Business Travel is estimated at US\$9.0 bn in year 2006. By 2016, this should reach US\$19.8 bn.

### CAPITAL INVESTMENT - T&T Capital Expenditures by Public and Private Sectors

South Asia Travel & Tourism Capital Investment is estimated at US\$19.7 bn or 7.7% of total investment in year 2006. By 2016, this should reach US\$44.8 bn or 7.7% of total.

### GOVT EXPENDITURES - Spending by Govts on T&T Industry and Visitors

Government Travel & Tourism operating expenditures in South Asia in 2006 are expected to total US\$1.4 bn or 1.2% of total government spending. In 2016, this spending is forecast to total US\$2.9 bn, or 1.3% of total government spending.

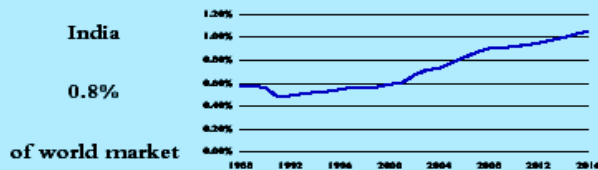
source-WTTC

# INDIA

## TOTAL DEMAND

India Travel & Tourism is expected to generate INR2,342.7 bn (US\$53.5 bn) of economic activity (Total Demand) in 2006, growing (nominal terms) to INR8,128.2 bn (US\$128.0 bn) by 2016. Total Demand is expected to grow by 8.4% in 2006 and by 8.0% per annum, in real terms, between 2007 and 2016. 2006 Total Demand represents 0.8% of world market share.

## WORLD MARKET SHARE



## WORLD RANKING (out of 174 Countries)

22	ABSOLUTE size
156	RELATIVE contribution to national economy
3	GROWTH forecast

## GDP - Contribution of Travel & Tourism to an Economy's GDP

India's T&T Industry is expected to contribute 2.1% to Gross Domestic Product (GDP) in 2006 (INR713.8 bn or US\$16.3 bn), rising in nominal terms to INR1,881.9 bn or US\$29.6 bn (1.7% of total) by 2016. The T&T Economy contribution (percent of total) should decline from 5.3% (INR1,827.6 bn or US\$41.8 bn) to 5.0% (INR5,542.3 bn or US\$87.3 bn) in this same period.

## EMPLOYMENT - Number of Jobs Generated by Travel & Tourism

India T&T Economy employment is estimated at 24,349,000 jobs in 2006, 5.4% of total employment, or 1 in every 18.4 jobs. By 2016, this should total 27,016,000 jobs, 5.1% of total employment or 1 in every 19.8 jobs. The 10,680,000 T&T Industry jobs account for 2.4% of total employment in 2006 and are forecast to total 10,592,000 jobs or 2.0% of the total by 2016.

## VISITOR EXPORTS - Foreign Visitor Spending in an Economy

India Travel & Tourism is expected to generate 4.7% of total exports (INR423.7 bn or US\$9.7 bn) in 2006, growing (nominal terms) to INR2,015.8 bn or US\$31.8 bn (2.6% of total) in 2016.

## PERSONAL TRAVEL & TOURISM - Amount Spent on T&T by Residents

India Personal Travel & Tourism is estimated at INR935.4 bn, US\$21.4 bn or 3.8% of total personal consumption in year 2006. By 2016, this should reach INR2,857.1 bn, US\$45.0 bn or 4.0% of total consumption. India Business Travel is estimated at INR260.8 bn, US\$6.0 bn in year 2006. By 2016, this should reach INR822.1 bn or US\$12.9 bn.

## CAPITAL INVESTMENT - T&T Capital Expenditures by Public and Private Sectors

India Travel & Tourism Capital Investment is estimated at INR681.5 bn, US\$15.6 bn or 7.2% of total investment in year 2006. By 2016, this should reach INR2,314.2 bn, US\$36.5 bn or 7.5% of total.

## GOVT EXPENDITURES - Spending by Govts on T&T Industry and Visitors

Government Travel & Tourism operating expenditures in India in 2006 are expected to total INR41.2 bn (US\$0.9 bn) or 1.0% of total government spending. In 2016, this spending is forecast to total INR119.0 bn (US\$1.9 bn), or 1.0% of total government spending.

	GDP*	EMPLOYMENT*	VISITOR EXPORTS	PERSONAL T&T	CAPITAL INVESTMENT	GOVERNMENT EXPENDITURE
<b>OUTLOOK FOR 2006 (Real Growth)</b>	▲ 7.8%	▲ 1.4%	▲ 10.9%	▲ 6.9%	▲ 8.3%	▲ 7.7%
<b>OUTLOOK FOR THE NEXT TEN YEARS (Real Growth per Annum 2007-2016)</b>	▲ 6.6%	▲ 1.0%	▲ 7.8%	▲ 6.7%	▲ 7.8%	▲ 6.1%

THE WORLD TRAVEL & TOURISM COUNCIL (WTTC) IS THE BUSINESS LEADERS' FORUM FOR TRAVEL & TOURISM, WORKING WITH GOVERNMENTS TO RAISE AWARENESS OF THE IMPORTANCE OF THE WORLD'S LARGEST GENERATOR OF WEALTH AND JOBS.

Source:-WTTC

**Foreign tourist arrivals in the country have registered an increase of 13.3% in July, 06. Total arrivals during the month were 331227 while in last July, it was**

292345. So far 24,86,117 foreign tourists have visited India since January this year as compared to 21,83,573 during the same period last year.

Arrivals and foreign exchange earnings during the corresponding month of last two years were as follows:

Foreign Tourist arrivals (Nos.)				Percentage Change	
<i>Month</i>	<i>2004</i>	<i>2005*</i>	<i>2006*</i>	<i>2005/04</i>	<i>2006/05</i>
January	337345	386260	444753	14.5	15.1
February	331697	389081	428325	17.3	10.1
March	293185	367068	407446	25.2	11.0
April	223884	260825	325349	16.5	24.7
May	185502	229172	262860	23.5	14.7
June	223122	258822	286257	16.0	10.6
July	272456	292345	331227	7.3	13.3
<b>Total</b>	<b>1867191</b>	<b>2183573</b>	<b>2486117</b>	<b>16.9</b>	<b>13.9</b>
<b>Foreign Exchange Earnings (In Rs. Crore)</b>					
Foreign Exchange Earnings				Percentage Change	
<i>Month</i>	<i>2004</i>	<i>2005*</i>	<i>2006*</i>	<i>2005/04</i>	<i>2006/05</i>
January	2084.59	2326.20	2722.07	11.6	17.0
February	2049.70	2343.18	2635.98	14.3	12.5
March	1811.71	2210.62	2434.32	22.0	10.1
April	1368.42	1649.96	2127.44	20.6	28.9
May	1133.82	1452.72	1673.91	28.1	15.2
June	1363.76	1637.29	1847.26	20.1	12.8
July	1776.60	2048.78	2308.98	15.3	12.7
<b>Total</b>	<b>11588.60</b>	<b>13668.75</b>	<b>15749.68</b>	<b>17.9</b>	<b>15.2</b>
<b>Foreign Exchange Earnings (In US \$ Million)</b>					
Foreign Exchange Earnings				Percentage Change	
<i>Month</i>	<i>2004</i>	<i>2005*</i>	<i>2006*</i>	<i>2005/04</i>	<i>2006/05</i>
January	460.67	532.19	632.43	15.5	18.8
February	452.96	536.07	594.64	18.3	10.9
March	400.37	505.74	547.17	26.3	8.2
April	304.77	378.38	473.44	24.2	25.1
May	252.51	333.15	368.56	31.9	10.6
June	303.72	375.47	401.23	23.6	6.9
July	384.87	470.08	497.27	22.1	5.8
<b>Total</b>	<b>2559.87</b>	<b>3131.08</b>	<b>3514.74</b>	<b>22.3</b>	<b>12.3</b>

- Provisional

## CINEMATIC TOURISM

Coming to India is an unending thrill for me. India is a cinematic wonderland. I mean Satyajit Ray was life changing for me. It's a great privilege to be invited to India," Lipton

### Why Filming important to our Community

- w Production of filmed entertainment creates and generates direct & indirect employment with revenues for the local economy. Money spent by a production company has a long life; it keeps going, and going, and going.
- w A film production company in your community is likely to patronize accommodation & transportation, tourist locations, fashion stores, temporary structures for shoot, florists, Hotels & restaurants etc. These businesses will add to economic activity
- w Across the world, cities and small towns, states and geographic regions seek to attract producers to their areas in hope of attracting a feature film or television project. Just one good-sized production can translate into economic good times for your town or community

We aim to position Punjab as a globally competitive Film Industry Hub, thereby boosting tourism, job creation and the development of core skills. Our primary area of activity is to market and promote the Punjab as a world-class production destination. Integral to that activity, the Film Industry Hub provides on-going assistance – ultimately a “One-Stop-Shop” to international and domestic production companies considering the Punjab state for their film, television, stills and new media productions. It is clear however, that Punjab cannot claim to be a truly film friendly state unless it makes strenuous efforts to become more inclusive in the local communities. This document aims to begin tackling that issue. The proposed film Industry Hub aims to create a film friendly environment that promotes and encourages production of filmed entertainment in all of our communities in Punjab state. It outlines the processes involved in a production, and takes a look at how communities can attract, retain and co-exist with Filming. It is a guide for permitting authorities, location owners, chambers of commerce, convention and visitors’ bureaus, neighborhood associations and residents and rate-payers groups to use a tool for community promotion and economic development

## Bollywood comes to Yorkshire – bringing global economic boost-A Case Study Approach of Yorkshire

Yorkshire and Humber has beaten New York to host India’s equivalent of the Oscars - the world-renowned International Indian Film Academy (IIFA) Weekend and the Idea IIFA Awards. The arrival of Indian Cinema to the region in 2007 is expected to boost tourism spend by over £9.5 million - with film and event industries, plus overseas trade expected to profit long-term. The winning bid was jointly compiled by regional

development agency Yorkshire Forward and Yorkshire Tourist Board, in partnership with Screen Yorkshire and the region's city councils. The pitch is part of an ongoing initiative to use major cultural events to contribute to the region's economic growth - attracting inward investment, skilled employees and visitors to the area. IIFA expects the awards to attract 28,000 people to the region from Europe, India, South East Asia and the US. Tourists are expected to spend £9.5 million, with more than 12,000 rooms being booked during the event. Through substantial media coverage to 315 million world-wide viewers, the awards will position Yorkshire and Humber as a premier tourist destination to the international Indian public, whose 400,000 outbound travellers spend US\$1.5 billion every year. This reinforces the region's ability to deliver large scale international events, following the hugely successful Royal Ascot at York last year. It is also hoped that the IIFA Awards will contribute to establishing strong trade relations between Yorkshire and Humber and India - which could lead to the creation of new direct flight routes between both regions. Potential film settings in Yorkshire and Humber will be showcased during the IIFA Award's four day event. India has the largest film industry in the world producing over 1,000 films a year, costing up to \$20 million per movie. By 2008 the industry is expected to gross US\$ 2.2bn. With over half of its major films shot overseas, Yorkshire and Humber is well placed to benefit from resulting film contracts and high levels of post-production work. As the second largest market for Bollywood films, the whole of the UK is also expected to benefit from resulting IIFA Awards merchandising, box office takings and DVD sales. Regional businesses will also profit from spin-off events to help them tap into new markets. As part of the Weekend a Global Business Forum, sponsored by the Federation of Indian Chambers of Commerce and Industry, plus a series of networking trade dinners and lunches will be held to promote bilateral trade between India and Yorkshire and Humber. Events will feature top Indian business speakers. Discussing the award's economic benefits, Tom Riordan, chief executive at Yorkshire Forward says, "Events such as the IIFA Weekend will bring an economic boost to the Yorkshire and Humber region. "Our expectation is that the event alone will bring nearly £10m in tourism spend. But the awards will also act as a catalyst to access a new market. It will forge stronger business and cultural links between Yorkshire and India, which is now one of the fastest growing economies in the world. Trade events such as the Global Trade Forum will promote and strengthen international trade opportunities, supporting our region's export industries and stimulating inward investment." "What is equally as important, is the message this sends about the region. Resulting media coverage will give Yorkshire and Humber the chance to introduce its world class tourism, culture, business, film locations and creative industries to a new international audience of more than 315 million. It will reinforce the Yorkshire and Humber region's position as the number one centre for film, television and gaming technologies outside of London. In addition, hosting an event of this scale will underpin the region's credentials as a major player for international events, building on the success of Royal Ascot at York last year." The IIFA Awards event will take place over four days. As well as the Global Business Forum, it will consist of an awards ceremony, blockbuster world premier, film festival, charity fundraising event, plus film professionals workshop. It will see over 500 leaders from the Indian film industry and business leaders travelling to Yorkshire and Humber from India. By 2007, the IIFA Awards will have been running for seven years. Previous award ceremonies have been held in capital cities such as Johannesburg and Singapore. Last year the IIFA Awards were held in Amsterdam, where over the course of four days 15,000 people visited the city, booking 12,000 hotel rooms and spending 18.64 million Euros.

## MEDICAL TOURISM IN INDIA

With an increasing number of foreign patients flocking to India for treatment, the country could earn Rs 100 billion (US\$2.3 billion) through 'Medical Tourism' by 2012, a study has indicated. With a large pool of highly trained doctors and low treatment cost, healthcare aims to replicate the Indian software sector's success. Built on acres of land, the new sleek medical centers of excellence offer developed world treatment at developing world prices, a report in 'The Guardian' said. A number of private hospitals also offer packages designed to attract wealthy foreign patients, with airport-to-hospital bed car service, in-room Internet access and private chefs. Another trend is to combine surgery in India with a yoga holiday or trip to the world famous Taj Mahal. India could earn more than \$1 billion annually and create 40 million new jobs by sub-contracting work from the British National Health Service, the head of India's largest chain of private hospitals told *rediff.com*. India's healthcare industry is growing at 30 per cent annually and the Apollo group alone has so far treated 95,000 international patients, many of whom are of Indian origin. Tourists from around the world are beginning to realize the potential of modern and traditional Indian medicine. Indian hospitals and medical establishments have also realized the potential of this niche market and have begun to tailor their services for foreign visitors. At a regional geo-political level, this nascent industry came to limelight with the arrival of 'Naby Noor' from Pakistan, who came by the Indo-Pak bus service and got a red-carpet treatment at hospital in Bangalore. Several Indian state governments have realized the potential of this 'industry' and have been actively promoting it. Visitors, especially from the west and the middle-east find Indian hospitals a very affordable and viable option to grappling with insurance and National medical systems in their native lands. Many prefer to combine their treatments with a visit to the 'exotic east' with their families, killing two birds with one stone. For further details on Indian Medical tourism Industry.

With an estimated 1.7 lakh foreigners already flying to India for medical treatment annually, the country is poised to capture the fast-growing market for off-shore health care and help solve the crisis of surging medical costs in the developed world. Just as Indian computer whizkids can now match US and European software analysts at any level of sophistication, its army of doctors and nurses can offer comparable care, at minimal cost, a media report said in London. Mumbai's Jaslok Hospital has a floor devoted to Gulf patients, which are among the 1.7 lakh foreigners flying to India each year for knee, hip, spine and heart surgery at bargain prices, The Daily Telegraph reported. Dr Ehandapany Raghavan, vice president of Siemens Medical, said sheer necessity would force the West to subcontract its care to India. "General Motors spends \$6 billion a year on health care, it's killing the company," he said. "These firms are going to have to turn to India because but there's no other choice," he told the newspaper. US hospitals already use Indian doctors for night emergencies, sending data from X-rays and scans electronically for instant analysis. 63-year-old Dan Robertson found his way to Jaslok Hospital from Arizona after researching hip ailments on the Internet. Crippled with pain and shortage of money, the estate agent boarded a plane and travelled to a country he knew little about for a double hip replacement. A month later he seemed ecstatic as he hobbled across his airy room with a sun set view. "People come here from all over the world for hip ailments, so I was quite comfortable

with the idea," Robertson said. "It cost me a fraction of what it would in the US, even with airfares for my sister and everything." According to Taj Medical Group, a knee operation that might cost £10,000 in the UK can be obtained in India for £4,900, including travel and accommodation. Patients seeking minor surgery combine their treatment with holidays at post resorts, which are included in the price. The hospital has all the latest Western kit with machines identical to those in top US and British hospitals but the prices are not. Jaslok offers a total body scan to detect early cancer for £72, compared with £2,200 quoted in Britain. A study by the Confederation of Indian Industry forecast that medical tourism will reach \$2.3 billion dollars a year by 2012 and could further rise significantly. Wockhardt drug company and Apollo Hospitals, an Indian chain, are both bidding, aggressively for the trade. The Wockhardt Heart Centre in Bangalore is one of just 50 hospitals worldwide with a top US rating. Leslie Smith, founder of Medibrokers in Britain, said it would not be long before charter flights packed with medical tourists descended on the sub-continent's medical hubs - Mumbai, Bangalore, Pune and Goa.

IT is an ironic outcome of neo-liberal economic reforms that in spite of fundamental policy failures in public health, India is increasingly seen as an attractive international healthcare destination.

National weaknesses start with one of the lowest rates of expenditure on public health, as a percentage of the Gross Domestic Product. Millions suffer from debilitating malnutrition, often from childhood. Basic requirements for good health such as sanitation, clean air and safe water remain unavailable to a vast population. Newer vaccines, expensive investigations and advanced drugs are beyond the reach of remote poverty-ridden communities.

## **Global fame**

Yet, India's tertiary healthcare sector is on the road to global fame. A growing number of spotlessly clean private hospitals are on the threshold of a boom in medical tourism, positioning themselves as the best destinations for procedures ranging from coronary bypasses to orthopaedic surgery at the most affordable costs. These hospitals offer high-quality care for international patients, whose numbers are reportedly rising 15 per cent annually; the prices that they charge are a fraction of what prevails in the developed world. India's corporate hospitals are fully equipped, up market and efficient. With their toll-free helplines, interactive websites, online quotes and time-bound treatment access, they appear to be a world apart from the overburdened, often badly managed and poorly funded public health system.

Just three major corporate hospital groups, Fortis Healthcare, Wockhardt and Apollo Hospitals run 26 hospitals in the subcontinent and that number is growing. They are forming partnerships with international insurance and tourism companies that will send both insured and uninsured patients for low cost treatment.

With some friendly policies from the Government, some analysts think, the private healthcare sector can transform the potential of medical tourism into a very profitable

reality. One oft-cited report that endorses this optimistic outlook is "Healthcare in India: The Road Ahead", produced by the Confederation of Indian Industry and McKinsey and Company. It puts a number to the promise: tertiary hospitals, with a 25 per cent growth rate in revenues from foreign patients (comparable to institutions such as Bumrungrad in Thailand), could generate additional earnings of Rs. 5,000 crore to Rs. 10,000 crore by 2012. That potential is based, in part, on the low cost of care in international price terms, competent medical personnel and absence of long waiting times for procedures, says the report.

Stories of foreign nationals undergoing complicated surgery in the country are frequently featured in the media. Those who come now are not just from other developing countries (the first lady of Guyana brought a group of 15 patients for cardiac treatment to Frontier Lifeline hospital in Chennai), but also from the United Kingdom, Europe and North America. Tanzania and Iraq have a Memorandum of Understanding with the Madras Medical Mission.

Many opt to undergo surgery in India for reasons that range from long waiting times in the U.K., high costs or lack of insurance cover in the U.S., to plain lack of expertise in many Asian, African and West Asian countries.

The CII-McKinsey report says that the allopathic system can offer treatment in specialities such as cardiac, liver, renal and orthopaedic procedures, while Indian systems of medicine could attract patients from even the developed world to treat "lifestyle diseases" such as stress and rheumatism. Many visitors who come for such de-stressing and health-building treatment may also choose to visit tourist spots. Such tourism potential holds the key to Kerala's plans. The Ayurveda State has declared 2006 the year of medical tourism and is actively supporting its well-known traditional medicine and tourism sectors, as they reach out to more potential visitors.

Elsewhere, development plans, both State-led and in the private sector are being pursued actively: Karnataka, which gets about 8,000 patients a year and forecasts an annual growth rate of 25 per cent, will promote a massive health park near a new international airport in Bangalore; non-resident Indians have formed a medical tourism company in Vadodara and international property developers are venturing into the healthcare sector to participate in the construction boom. In Maharashtra, the State Government is part of the Medical Tourism Council that has members from Association of Hospitals and FICCI.

In New Delhi, Naresh Trehan, executive director of the Escorts Heart Institute and Research Centre has proposed a Medicity on the outskirts of the capital to develop a 1,500-bed healthcare centre of international standards with 20 super specialities. It will incorporate traditional medicine too and have such facilities as hotels, serviced apartments, clinical and biotechnology laboratories.

Ventures such as these draw encouragement from the National Health Policy 2002, which endorses provision of health services "on a payment basis to service seekers from overseas". The corporate healthcare sector views such support as critical, considering that it is competing with Thailand, Singapore, Malaysia and South Korea for a bigger share of Asia's medical tourism market. "Medical tourism can be a much bigger business, if we have infrastructure and networking among hospitals, hotels and

tourism agencies. The Central and State governments must extend tax and other concessions, on the lines available to IT and BPO sectors," says K. Ravindranath, managing director, Global Hospitals, Hyderabad. He readily favours cross subsidy for domestic patients from revenues flowing out of medical tourism.

Private hospitals in Hyderabad, some of which get 10 per cent of their patients from abroad, are planning to open separate wards or wings for foreigners. The Apollo Hospitals already has a ward and wants to upgrade it to an international multi-speciality block while the Asian Institute of Gastroenterology plans to create a separate wing for foreigners.

The key to a significant increase in patient arrivals, however, lies in becoming globally accredited. Corporate hospitals have begun factoring this requirement into their medical tourism plans.

## **Steady increase**

Joint Commission International, a benchmarking body lists Indraprastha Apollo, New Delhi, and Wockhardt, Mumbai, as accredited hospitals. Accreditation apparently brings immediate benefits. "There has been a steady increase in the number of patients over the last six to eight months, particularly from the U.K. and U.S. The numbers have been increasing after accreditation, particularly from the U.S.," says Vishal Bali, chief executive officer of Wockhardt.

It is also important to have systems that meet the criteria of insurance companies. Says cardiac surgeon V.V. Bashi of MIOT Hospital, Chennai: "Our medical standards are world class, but if we have to get more patients from the U.S. and other developed countries, we must match their hospital documentation standards. This is really important because the insurance companies must cover all the risks in the event of an adverse treatment outcome."

Wockhardt's hospital in Bangalore, which has a Harvard Medical International tie-up, gets half of its foreign patients (about 900), from the U.K. The media reported the story of one such patient with coronary heart disease, 73-year old George Marshall last year. This violin repairer from Bradford was operated upon at the hospital for a quarter of what he would have paid for private care in the UK, including the airfare.

When he arrived in India, he was initially shocked by the traffic chaos and urban squalor, but it appeared to be a better decision than having to suffer a long delay for bypass surgery in a state-supported National Health Service hospital or fork out GBP £19,000 for immediate private care in his home country.

Another 35 per cent of Wockhardt's patients come to Bangalore from the U.S. and the rest from the European Union and South East Asia. Another heart care institution in Bangalore, Narayana Hrudayalaya, has a record of 15,000 surgeries performed on patients from 25 foreign countries, half of them children.

The biggest disincentive to medical tourism, the hospitals say, is the insensitive handling of visa issuance to those who come for treatment. While people-to-people

relations are strengthened when a patient from Pakistan, Iraq or Afghanistan gets operated upon in India, the requirement that visitors must report to designated officials periodically is viewed as avoidable harassment. "The patients get dejected, though they are grateful to the doctor, hospital and host country for saving their lives," says Dr. Bashi.

Strong emotional bonds can indeed be built by treating patients from other nations, says urologist Sunil Shroff of Sri Ramachandra Medical College and Research Institute, who has led a campaign for ethical transplants and altruistic organ donation in India through the MOHAN Foundation. "Medical tourism needs a national task force that will bring hospitals and the government together. We must ensure that a health divide is not created within the country and yet use this huge opportunity," he says.

## **Upgrading facilities**

The corporate hospitals have not failed to recognise the opportunity. Many of them are upgrading to offer the latest medical diagnostic facilities to medical tourists, which may also be packaged with vacations in a tie-up with airline companies. Says Anil Maini, president, corporate development, Indraprastha Apollo, "We have 64 slice CT scans, PET CT and 3 TELSAs MRI machines which most hospitals abroad cannot boast of."

But as corporate hospitals open their doors to a greater number of medical tourists, some analysts believe that the impact of this phenomenon on national healthcare needs careful study. Some observers fear an exodus of highly skilled doctors from the atrophied public health system to high paying private hospitals. "Many States are not even ready to fill vacancies in government medical service, compounding the problem," says a surgeon in Chennai's Government General Hospital, the apex public health institution in Tamil Nadu.

*(With inputs from **Aarti Dhar** in New Delhi, **Prachi Pinglay** in Mumbai, **Sahana Charan** in Bangalore and **Y. Mallikarjun** in Hyderabad)*

## **On the road to global fame**

THE size of the Indian medical tourism sector is thought to be about 1,00,000 to 1,50,000 patients a year. The Indian Healthcare Federation, a consortium of non-governmental hospitals, diagnostic centres, medical equipment manufacturers and pharmaceutical industries says about 1,00,000 foreign patients are coming to the country, up from 10,000 five years ago.

The CII-McKinsey report estimates that the annualised growth of the medical tourism market was about 30 per cent in 2000, up from 15 per cent in the five previous years. The growth has been limited, the study says, since foreign patients represent only a fraction of total patients handled by individual hospitals.

Figures for patient arrivals from abroad are available from individual states and hospitals: The Karnataka Tourism Department says it has been receiving about 8,000 patients annually, mostly for cardiac and orthopaedic procedures. Manipal gets 3,000

foreign patients a year, some of them for dental care; Wockhardt Hospital and Heart Foundation in Bangalore gets 900 patients a year.

CII-McKinsey forecasts upmarket private care in India to be worth anywhere from Rs.15,000 crore to Rs.30,000 crore by 2012 and medical tourism can potentially raise that by Rs.5,000 crore to Rs.10,000 crore. Medical tourism represents 25 per cent of revenues of private up market care in this estimate and three to five per cent of the total delivery market.

With increased activity to build hospitals in the corporate sector, foreign patient arrivals are expected to rise significantly

### **Medical tourism likely to become India's next big success story**

As the concept of medical tourism continues to gain momentum in India, the Ministry of Health and Family Welfare, following a meeting with the Ministry of Tourism, has stated that a National Accreditation Health Board has to be set up for maintaining international standards in our medical facilities. "Medical tourism as an industry has begun to take concrete shape with the Ministry of Health and Family Welfare and the Ministry of Tourism thrashing out the intricacies involved," said an official statement. The intricacies discussed include price banding, hospital accreditation, quality control, categorization and selection of hospitals etc. Minister of Health and Family Welfare Minister Dr. Anbumani Ramadoss said that the government has cleared medical visa and there is tremendous potential for tourism as well as for the health sector, with India specially being cheapest destination for medical care of highest standards. He also emphasized on modern diagnostics with Indian systems of medicinal care, which has been accepted as an effective system of healthcare worldwide. Tourism Minister Renuka Chaudhary said that the initiative will be taken up on pilot basis to begin with. She said, India as a highly skilled destination in holistic health-care, has already been receiving tourists coming here for medical treatment, particularly for specialized care and typical problems. Recently, it was decided that a Task Force on health tourism constituted by the Ministry of Health and Family Welfare would assess the opportunities for promoting India as a health destination, recommend action to be taken by the central and state governments and specially recommend about super specialty medical care, outsourcing of medical services to Indian IT based institutes and gainfully utilize the expertise available in traditional medicines. The Task Force constituted in this regard in consultation with the Confederation of Indian Industries (CII) is in the process of formulating a policy for accreditation of hospitals both in modern system of medicines and Indian systems of medicine. The Ministry is also considering setting up of a National Accreditation Board for hospitals, which will not only specify various standards for hospitals but also act as a linkage with other National and International boards

## **NRI AND MADICAL TOURISM**

### **Mecca of medical tourism**

MEDICAL Tourism" has fast started picking up in Jalandhar, with a large number of NRIs making a beeline for hospitals here. For them a trip to Jalandhar serves a dual

purpose - getting treatment for serious ailments at a cost which is roughly one-tenth of that in the West and enjoying their holidays along with their families back home in Punjab. This trend has become popular during the past two years. The reason is simple: enormous hike in the cost of treatment in countries like the US, Canada, Holland the UK makes NRIs look back home. "Many NRI patients come back for treatment as hospitals here have the state-of-the-art medical facilities. 'Back home' factor also gives the NRIs a sense of security. In fact, these days over 70 per cent cases come to India specifically for treatment. The near collapse of the National Health System in the West has made the city a treatment destination," said Dr Harinder Singh Bedi, Executive Director of the Sigma New Life Heart Institute. He claimed that the heart institute branches at Jalandhar and Ludhiana received nearly 30 NRI patients every month. Dr Charanjit Singh Pruthi, Managing Director of the local BBC Heart Care Centre, said apart from a large number of NRIs who came to the centre for check-up, about 15 NRI patients had undergone bypass and open beating heart surgery at his hospital during the past one and a half years. Underlining the reason behind the changing scenario, Dr Pruthi said, "Treatment cost is the biggest factor which has forced NRIs to come here for treatment. If in the UK the cost of bypass surgery is about Rs 8.5 lakh, here it is something between Rs 1.25 lakh and Rs 1.75 lakh. Indian doctors are being rated very high even abroad and the NRIs are becoming aware of the professional competence of the Indian doctors." "In the US, the cost of bronchoscopy is about 100 times more and same is the case with sleep and allergy tests. Moreover, there you have to wait long for your turn. So, NRIs belonging to the Doaba region find city hospitals convenient and affordable," said city-based broncoscopist, Dr H.J. Singh. Dr Varish of Vardaan Hospital and Child Care Centre said childless couples from countries as far as Canada, Australia and the United States had been coming to the Vardaan centre for treatment through the IVF technique. "So far, 16 couples have had successful treatment of their infertility problem at our hospital. If they had tried for the treatment abroad, the cost would have been almost prohibitive," explained Dr Varish. The NRIs also come to the city to undergo cosmetic surgery and dentistry treatment, the costs of which are skyrocketing in the western countries. " In the NRI season (winters), on an average, we receive 20 patients a day. If a denture costs Rs 5000 here, the same can be had in the West for a whopping Rs 50,000 or even more. So, a large number of the NRIs have started coming to Punjab, particularly Jalandhar, for treatment and cosmetic surgery,"

# A REVOLUTION IN THE MAKING

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India gets  
better connectivity

Flying becomes  
affordable with  
lower fares



Modernization and  
restructuring of existing  
airports / green field airports



Introduction of 5 new  
domestic airlines



International carriers'  
frequency to India increases /  
domestic airlines land abroad



Air India and Indian  
to add more wings  
to their fleet



## Aviation Global and Asian perspective

### This is a time of rapid change for the air travel industry.

Airlines are successfully refining their business models, the Internet is providing efficiencies for passengers and airlines alike, globalization and world trade are thriving, and manufacturers are launching new airplanes that will fly farther at lower cost. The long-term outlook for air travel is positive. The fundamentals of economic development, globalization, and the need for people to travel will be strong in the coming decades. Although the industry does experience short-term highs and lows, the long-term forecast assumes that these cycles will smooth out over the 20-year period. Economic growth drives air transportation demand. Increases in gross domestic product (GDP) explain most of air travel growth. The rest of the development of travel worldwide is derived from other economic factors, such as international trade and globalization; and industry trends, including declining fares, more direct service, and increased frequencies. Liberalization enables airline travel. Governments continue to increase access to the marketplace by removing restrictions on carriers in their own countries and permitting additional levels of service across the globe. A decreasing regulatory burden frees new and existing carriers to improve their networks, innovate their business models, and pursue different strategies. A liberalized environment creates more opportunities for airlines to compete. Competition has historically led to decreasing fares, increasing frequencies, and more routes — all trends that will continue.

#### 20-Year Outlook — 2005–2024

##### Economic and air traffic growth

- Worldwide economic growth will average **2.9%** per year.
- Passenger traffic growth will average **4.8%** per year.
- Cargo traffic growth will average **6.2%** per year.

##### Worldwide demand for commercial airplanes

The world fleet will grow to 35,300 passenger and cargo jets and will consist of

- **16%** regional jets.
- **22%** twin-aisle airplanes.
- **58%** single-aisle airplanes.
- **4%** 747-size and larger airplanes.

Total market potential is 25,700 new commercial airplanes worth \$2.1 trillion in 2004 U.S. dollars. Airlines will take delivery of

- **3,900** regional jets.
- **5,600** twin-aisle airplanes.
- **15,300** single-aisle airplanes.
- **900** 747-size and larger airplanes.



Airline passenger traffic is forecast to grow at an annualized rate of 4.8 percent. World GDP growth of 2.9 percent explains the majority of air travel growth. During the 20-year forecast period, world regions and traffic flows will have varying growth rates around these norms. The worldwide fleet will be 35,300 airplanes in 2024, more than double the current size. About 58 percent of the world fleet will be singleaisle jets, and 22 percent will be midsize twin-aisle airplanes. The rest of the fleet will consist of

regional jets (16 percent) and some 747-size and larger airplanes (4 percent). The large domestic markets in Europe and North America, along with the strong preference of low-cost carriers, drive the dominance of the single-aisle fleet. A mix of single- and twin-aisle airplanes is more common in geographically diverse regions such as Asia. Twin-aisle jets are the mainstay of intercontinental markets. More than half of the regional jet deliveries will be in North America. Almost 26,000 airplanes will be delivered over the next 20 years. About 60 percent of the deliveries will be single-aisle jets, making up about 39 percent of the 2.1 trillion delivery dollars (in 2004 numbers). Midsize twin-aisle airplanes will account for about 22 percent of the deliveries and 45 percent of delivery dollars. About three-quarters of the deliveries will go to fleet growth, while the rest will replace retiring airplanes.

The freighter fleet will nearly double over the next 20 years from 1,760 to 3,530 airplanes. Three-quarters of freighter fleet additions, satisfying both market growth and replacement needs, will come from modified passenger and combi airplanes. Half of these conversions will be widebody conversions. Passengers will avoid itineraries that require multiple hub connections and segments to complete a journey. While the share of 747 and larger airplanes will fall from 6 percent to 4 percent, the percentage of midsize twin-aisle airplanes will increase from 18 percent to 22 percent. Twin-aisle airplanes

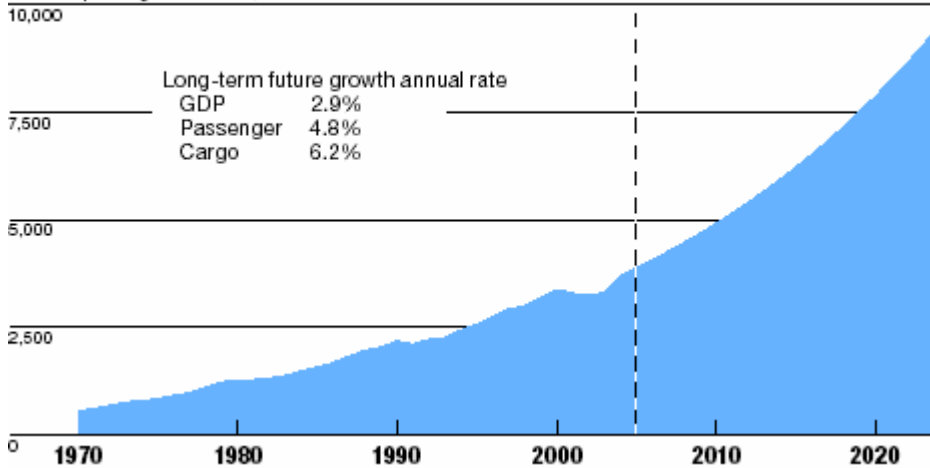
allow airlines to economically fly the increased frequencies, city pairs, and nonstop flights requested by passengers.

## **Air Travel Trends**

The long-term outlook for air travel is robust. World air travel has shown positive growth for 32 of the past 35 years. Only 1991 and 2001 through 2002 have experienced negative growth. In 2004, following double-digit increases, world air traffic reached a new historical high. In short-term cycles, air travel demand can fluctuate widely. Consumer confidence and business profits can be strong influences on air travel demand during a business cycle. Travelers treat discretionary air travel much as they treat more durable goods such as computers and automobiles. Visits to friends and relatives, vacations, and even business trips can be canceled or delayed when income is depressed or uncertain. The Current Market Outlook forecast smooths these short-term cycles and provides a 20-year trend forecast. The globalization of world economies and societies continues. Over the 20-year Outlook period, increasing numbers of people will travel to visit friends and relatives, to transact business, and to enjoy leisure and educational opportunities not available close to home. The major determinant of air travel growth will continue to be economic growth. Travel growth is also stimulated by lower fares, additional world trade, and service improvements, such as increased frequencies and more direct service. Deregulation and liberalization enhance airline competition, which in turn fosters lower fares, as well as the additional frequencies and city pairs passengers desire.

## World Air Travel Continues to Grow

Revenue passenger kilometers, billions

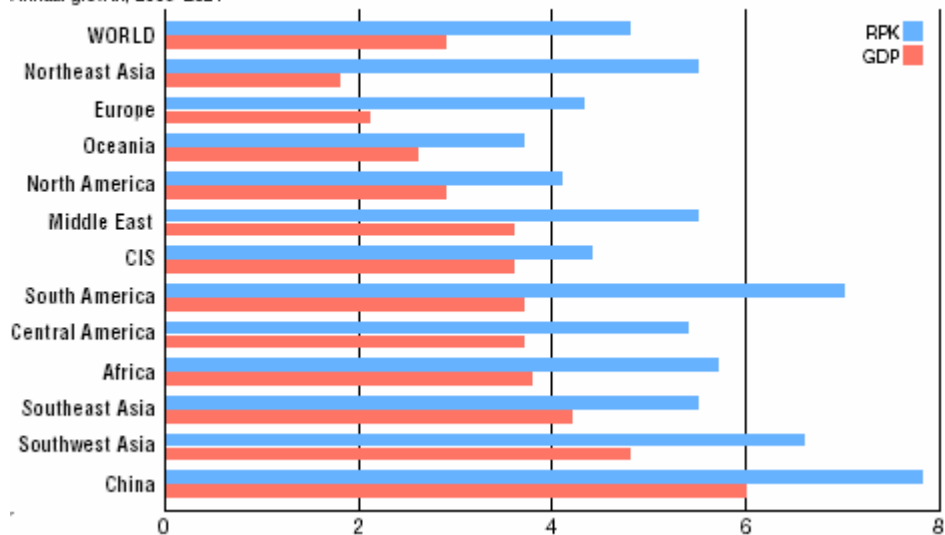


## Economic and Traffic Forecast

World GDP is forecast to grow by 2.9 percent annually over the next 20 years. In mature economies, GDP growth will average less than 3 percent per year. By contrast, GDP growth in developing regions may average more than 4 percent. Mature economies rely on productivity gains, service industries, and consumer markets for much of their gains, whereas emerging economies are characterized by expanding labor forces, increased manufacturing, and entry into global capital and trade markets. China is forecast to have the fastest growing GDP, at 6.0 percent, as it continues its successful melding of a centrally planned economy with the world market economy. World air traffic measured in RPKs will grow 4.8 percent annually over the next 20 years, slightly less than two percentage points greater than GDP. Northeast Asia, South America, and Europe have the largest growth of air traffic in excess of GDP. Europe will experience the continuing positive effects of liberalization. South America will experience increased air traffic through liberalization, international trade, and tourist development. Japan and Korea currently generate less air travel than their wealth would indicate, and in the long term they should show more robust air travel rates. Southwest Asia, Africa, and the Middle East are forecast to grow above the world average over the next 20 years, as their economies and airline industries modernize.

## GDP and RPK Growth Varies by Domicile

Annual growth, 2005–2024



### Air Travel Share

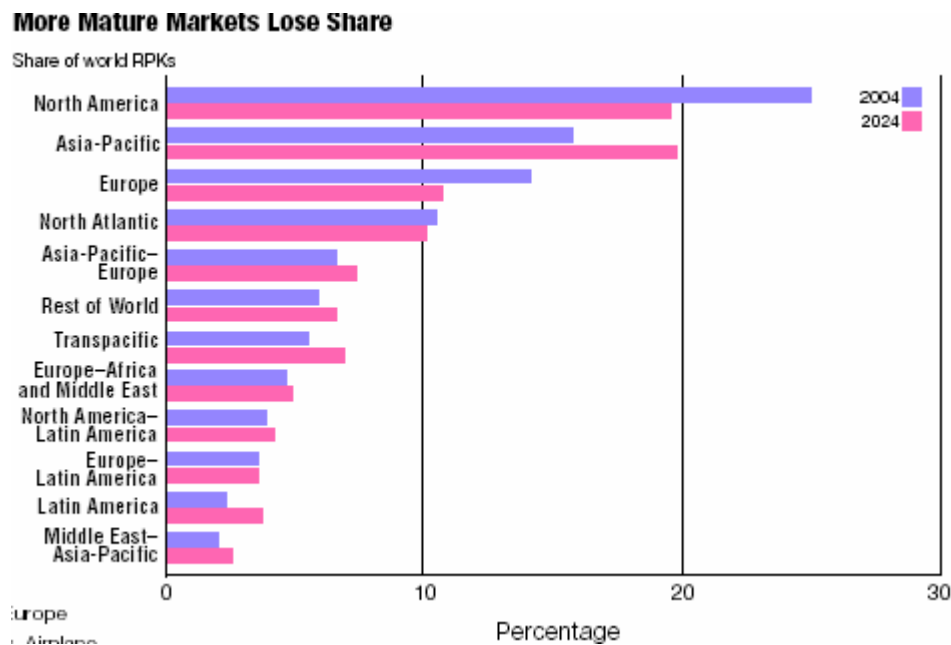
Travel growth has two parts. The first part is growth one-for-one with economic growth (GDP). The second part, measured by country air travel share growth, is demand stimulated by lower fares, international trade, and network and service improvements.

The ratio of air travel to GDP is a country's air travel share. The share of GDP spent on air travel by countries with high initial travel shares has tended to grow more slowly than the world average. These countries, such as the United States, have more mature air travel markets. In contrast, GDP share spent on air travel by countries with low historical travel shares, such as India, has tended to rise faster than the world average. Various factors influence initial air travel share. Poor nations may spend more on air travel than one might assume. Government and business travel is often by air due to speed, security, prestige, or a lack of reliable ground alternatives. Many island and mountainous nations have large air travel markets because of their geography. Conversely, some high-income countries spend less on air travel than one might guess. Government regulation may limit air travel. Small countries with well-developed ground networks such as high-speed rail may offer alternatives to air travel. Moreover, some cultures have a proclivity for vacations close to home, even if their populations have the economic means to travel. In summary, air service is becoming lower in price, higher in value, and of greater interest to people around the globe. The combined effects explain the continuing growth of air travel over and above that stimulated by GDP growth.

### Regional Differences

Because of differences in GDP growth and changes in air travel share of GDP, the mix of regional flows will change over the forecast period. Because of its maturity, the intra-North America market share of world traffic will decline from 25 percent to 20 percent, as less developed markets grow faster. For example, the market share of all intra-Asia-Pacific markets will increase from 16 percent to 20 percent. The North Atlantic market will fall slightly from 11 percent market share to 10 percent, and Europe–Latin America will remain constant at its 4 percent share. Intra-Europe will decline from a 14 percent to an 11 percent market share. Latin America, a small region with only a 2 percent world

market share, will increase its share to 4 percent because of a high 7.2 percent traffic growth rate fueled by liberalization and increased world trade. Another way of looking at air travel is to divide the world into long-haul and short-haul routes. Because of the underlying characteristics of these route types, each has different traffic growth rates and airplane requirements. For example, the mature, short-haul flows within North America and Europe that use mostly single-aisle airplanes will grow more slowly than the long-haul flows between Europe and Asia-Pacific and on the Pacific that use twin-aisle jets. Airplane range capability and economic globalization are two of the factors driving long-haul growth.



## Adapting to Change

Cost reductions and increasing efficiency play an ever-larger role in airline decisions. Although the proliferation of truly low-cost carriers will continue around the globe, almost every airline strives to cut costs and enhance productivity. For some, the goal is to be included among the list of low-cost carriers, while others aim to be the low-cost provider in their particular business models, regions, or niches. The cost-containment mindset is now pervasive and will govern nearly every aspect of the industry for the foreseeable future. Technology is improving the way airlines do business. The Internet has significantly changed the way airlines can price their seats, market their services, and interact with their customers. Transparency allows for easier and faster comparison of fares and schedules. Many airlines are also shifting their passenger check-in, frequent flyer programs, and other customer contact functions to enhance flexibility and control costs. Infrastructure develops alongside air travel demand. History shows that, in specific markets, infrastructure supply and air travel demand are often not synchronized. Fortunately, the system adapts through a variety of mechanisms, such as use of secondary airports, scheduling in nonpeak hours, and improvements in air traffic control. The airline industry has a long history of successfully adapting to change.

## **Airline Strategies**

The economic and operational fundamentals of running an airline are universal, although conditions vary greatly around the world. Airlines may share similar traits in the aircraft they operate, airports they serve, procedures they follow, and organizations they develop.

However, individual airlines create unique identities through a wide range of marketing, operational, and corporate choices. For example, a long-haul specialist might focus on carrying European and North American leisure travelers long distances to its beach destinations. Carriers can be broadly grouped according to the similarities in their business propositions and strategies. Business model examples include global network, low-cost, long-haul specialist, leisure specialist, short-haul network, and regional. Although the lowcost carriers are increasing their market share, much of the world's

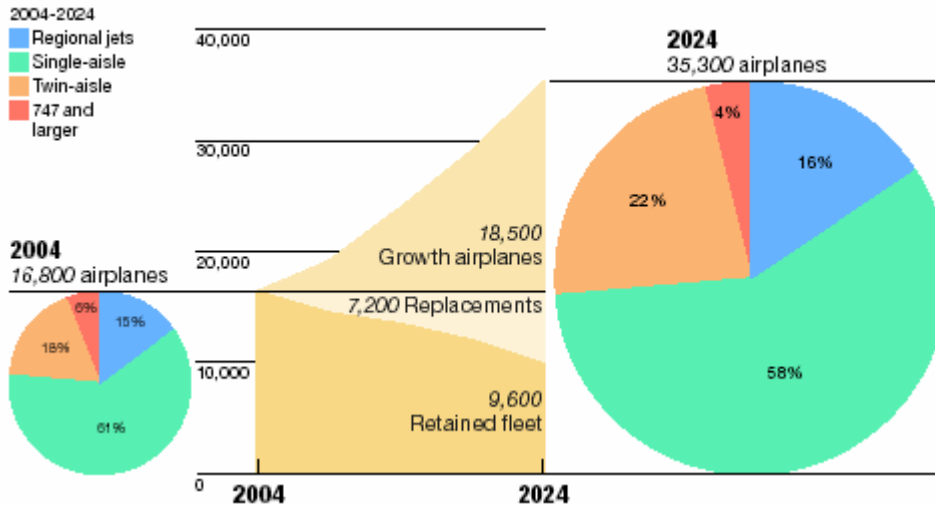
airline business is still concentrated in the global network carriers. However, many airlines also utilize the strategies and tactics of other models to adapt their businesses in the rapidly changing air transportation marketplace. For example, some low-cost carriers have added a second class of service to their aircraft, and some of the network carriers now offer a single class of service on selected aircraft for additional coach seating or high-yield products. Convergence of business models will continue. Increasing airplane capability and advancing technology allow airlines to continue to do more with their networks and customers. Carriers face cost, yield, and other pressures that push them to continually adapt to the dynamic environment. Leaping across the traditional boundaries

between business models has become a logical way of creating the niches that help make airlines more successful. The Outlook forecast assumes that airlines continue to decrease costs and increase services over time.

## **Fleet Growth**

The world fleet is expected to more than double by 2024, growing to 35,300 airplanes. Over the 20-year forecast period, 7,200 airplanes will be retired from active commercial service and will be replaced. An additional 18,500 airplanes will be needed to fill capacity demand. About 57 percent of the fleet operating today (9,600 airplanes) is projected to still be in operation 20 years from now. New airplanes contribute to growth and replacement. The tally of airplanes added and removed is a straightforward exercise. Defining the number of airplanes attributable to growth and those attributable to replacement is not. The reason is that airplanes are not replaced jet-for-jet, but rather seat-for-seat. The 7,200 airplanes removed from the system will be replaced by some airplanes of equal size, but also by both smaller and larger airplanes. For example, an airline might "replace" its 737-200s (107 seats) with 737-800s (162 seats). On a seat-for-seat basis, only a portion of each 737-800 actually serves as replacement; the remainder may be considered to be growth. The Outlook forecast process converts seats into airplanes. Over the 20-year period, approximately 25,700 new airplanes will be delivered to customers. Twenty-eight percent of the market for new commercial jets can be thought of as replacement for older in-service airplanes. The remaining 72 percent will be required for passenger and cargo traffic growth.

## The World Fleet Will More Than Double



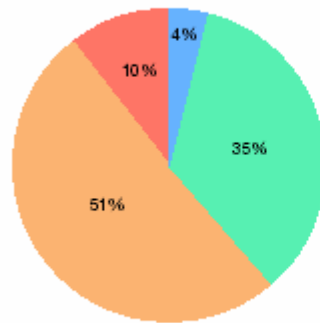
## Northeast Asia

GDP growth in Northeast Asia is forecast at 1.8 percent over the next 20 years. In common with mature economies, Japan's economy will tend to experience lower growth rates. Korea's developing economy will grow more rapidly as it increases trade with global partners. Airline deregulation in Japan, gradual liberalization, and globalization stimulate traffic. Traffic in the region has typically been below the international trend, reflecting a more conservative approach to travel; thus, there is room to grow to meet world air travel share norms. Upgrades and improvements to infrastructure, combined with new airport development, expand markets and allow competition on routes. These activities foster expansion of air travel. Traffic of Northeast Asia carriers is forecast to grow at a 5.5 percent annual rate over the next two decades. Travel is often distant, for example, to Europe, North America, and Oceania. Japan will reduce its role as a staging post — traditionally the stopping point for flights between North America and far-off points in Asia-Pacific. These markets are increasingly served direct. The percentage of the Northeast Asia fleet consisting of midsize twin-aisle airplanes will rise from 40 percent to nearly 50 percent over the next 20 years. Single-aisle airplanes will increase from 31 percent to 34 percent of the total fleet. The flexibility of a spectrum of different sized airplanes will enable Northeast Asian airlines to offer more frequent, nonstop services. About 10 percent of deliveries during the forecast period will be large airplanes.

### Northeast Asia Deliveries

2005-2024, in airplane units

- Regional jets
- Single-aisle
- Twin-aisle
- 747 and larger

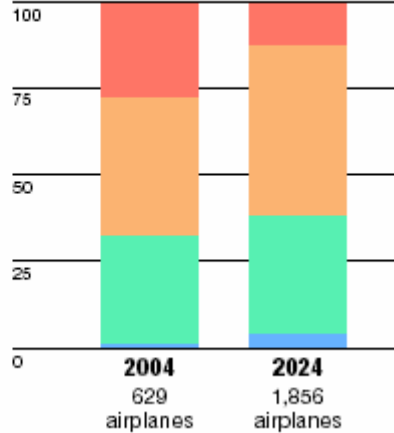


1,664 airplanes  
\$225 billion\*

\* In year 2004 dollars

### Northeast Asia Fleet

Percentage of fleet



## Southeast Asia

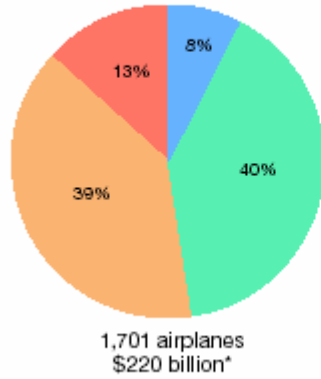
The Southeast Asia region is a blend of countries with varying economies. GDP for the region is forecast to grow 4.2 percent annually over the next 20 years, which is above the world average of 2.9 percent. Annual air travel growth is expected to average 5.5 percent, above the world average of 4.8 percent. A plethora of business models and network strategies exists among the region's airlines. Southeast Asia's terrain varies from

significant land masses with dense vegetation and mountains to disparate islands and archipelagos, which shapes airlines' operating plans. For example, Indonesian and Philippine airlines have need of significant numbers of single-aisle airplanes. Conversely, Singapore has a requirement for more twin-aisle jets to serve its significant intercontinental markets. Carriers throughout this region will use ultra-long-range airplanes to serve European and North American cities nonstop. Low-cost carriers will challenge incumbents and stimulate traffic across the region. The share of the fleet represented by midsize twin-aisle airplanes will climb from 29 percent to 36 percent. As high-density long-haul routes become increasingly contested, the share represented by 747-size and larger airplanes will fall from 19 percent to 14 percent over the 20-year horizon. This reflects the assumption that airlines will choose to compete in these markets using midsize twin-aisle airplanes in order to offer more frequencies and city pairs. Thus, midsize twin-aisle jets will account for 39 percent of new deliveries during the forecast period. Single-aisle airplanes will make up 40 percent of deliveries and will be used across a variety of airline business models.

### Southeast Asia Deliveries

2005-2024, in airplane units

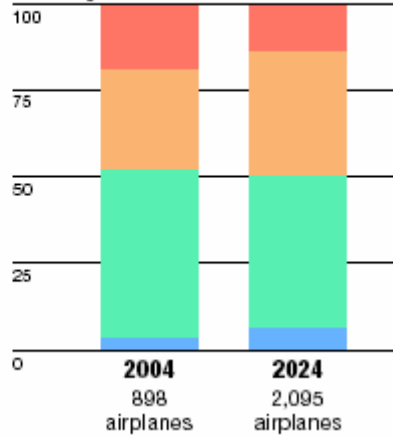
- Regional jets
- Single-aisle
- Twin-aisle
- 747 and larger



\* In year 2004 dollars

### Southeast Asia Fleet

Percentage of fleet



### World Traffic by Regional Flow

Appendix A

RPKs in billions	1985	1990	1995	2000	2001	2002	2003	2004	2014	2024	2005-24 %/year
Africa-Africa	13.540	14.689	14.775	19.422	19.947	21.203	22.475	23.868	54.278	78.086	6.1
Africa-Europe	43.037	47.732	57.178	90.407	96.226	97.188	99.132	105.179	191.719	278.757	5.0
Africa-Middle East	5.158	7.394	6.479	9.811	10.506	13.192	13.852	13.921	29.939	44.252	6.0
Africa-North America	1.220	1.298	2.640	4.416	4.615	4.292	4.378	3.765	12.093	18.153	8.2
Africa-Southeast Asia	0.280	0.909	3.226	3.244	3.357	3.623	3.650	3.858	9.173	15.799	7.3
Central America-Central America	12.820	14.306	18.267	23.950	23.016	23.982	24.785	25.504	57.648	98.674	7.0
Central America-Europe	17.868	27.647	44.193	66.361	69.750	68.120	69.800	75.733	113.100	167.090	4.0
Central America-North America	43.339	63.714	71.097	90.050	88.609	87.723	92.000	104.880	155.060	234.559	4.1
Central America-South America	3.297	3.499	4.271	7.256	7.169	7.097	7.147	8.219	16.820	28.067	6.3
China-China	8.436	18.254	56.624	73.634	84.630	97.198	95.254	110.209	290.939	596.341	8.8
China-Europe	9.577	16.927	26.611	40.093	40.173	42.583	34.492	45.184	91.351	148.863	6.1
China-North America	7.807	13.434	21.630	33.171	36.179	33.212	24.909	33.222	80.015	154.144	8.0
China-Northeast Asia	6.754	10.916	15.998	19.434	18.423	24.503	20.092	26.321	48.665	81.184	5.8
China-Oceania	3.002	5.810	9.234	12.130	12.434	13.180	10.609	15.011	22.239	32.772	4.0
China-Southeast Asia	8.081	14.489	23.032	29.330	31.677	36.903	27.677	41.150	68.307	109.418	5.0
CIS Region-CIS Region	175.814	224.240	63.395	39.442	43.465	46.942	50.228	54.749	85.208	119.026	4.0
CIS Region-International	15.863	24.098	33.918	42.904	48.052	51.416	56.403	63.002	112.151	169.349	5.1
Europe-Europe	170.048	258.346	308.836	440.104	449.306	453.799	474.700	523.119	729.993	1017.708	3.4
Europe-Middle East	43.436	41.512	44.920	65.011	59.810	58.613	58.906	67.742	126.156	181.997	5.1
Europe-North America	158.599	230.688	278.895	419.961	373.765	345.955	349.471	387.913	660.518	960.947	4.8
Europe-Northeast Asia	17.025	29.347	46.550	63.587	55.829	53.317	48.252	57.833	119.520	180.184	5.8
Europe-South America	12.250	22.309	32.930	53.182	52.098	49.233	49.479	57.890	111.465	178.954	5.8
Europe-Southeast Asia	26.600	46.386	65.884	95.756	95.948	96.428	94.982	104.480	180.767	268.162	4.8
Europe-Southwest Asia	11.859	17.470	20.668	26.227	27.486	27.588	29.498	35.892	64.041	105.532	5.6
Middle East-Middle East	17.685	19.462	20.713	27.834	27.138	27.545	28.098	32.029	55.445	80.659	4.7
Middle East-North America	5.012	6.560	10.309	16.053	12.040	10.354	9.629	12.228	29.612	44.125	6.6
Middle East-Northeast Asia	0.069	0.071	0.328	1.452	1.162	1.220	1.202	2.230	7.724	15.523	10.2
Middle East-Oceania	0.000	0.000	0.000	0.001	0.001	0.432	1.189	4.102	14.953	24.105	9.3
Middle East-Southeast Asia	15.136	10.980	20.584	23.960	22.858	24.001	26.401	29.200	56.661	84.742	5.5
Middle East-Southwest Asia	14.505	16.583	23.194	29.414	29.855	31.050	33.844	35.604	69.681	110.478	5.8
North America-North America	470.833	599.055	670.470	857.471	812.763	783.481	828.273	925.181	1273.262	1858.806	3.5
North America-Northeast Asia	46.880	95.162	121.512	140.150	127.536	121.159	102.985	106.989	224.193	303.398	5.3
North America-Oceania	11.008	18.972	24.135	29.950	27.554	28.452	25.922	30.055	43.131	65.198	3.9
North America-South America	14.460	19.615	35.885	47.248	44.791	42.686	37.564	40.569	98.439	162.511	7.2
North America-Southeast Asia	8.013	15.324	25.886	32.050	29.326	30.499	26.839	32.030	75.315	130.774	7.3
North America-Southwest Asia	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.330	1.855	16.402	13.4
Northeast Asia-Northeast Asia	32.273	50.016	67.404	79.032	80.217	85.031	86.136	83.552	155.004	232.803	5.3
Northeast Asia-Oceania	8.055	12.870	31.823	24.066	22.502	24.505	22.789	26.115	48.838	72.326	5.2
Northeast Asia-Southeast Asia	15.998	32.512	44.335	48.515	47.787	54.430	45.721	56.237	103.597	161.338	5.4
Oceania-Oceania	18.614	26.241	42.671	49.244	50.721	50.214	55.486	64.919	78.097	100.208	2.2
Oceania-Southeast Asia	12.233	24.286	33.065	46.190	47.576	46.625	41.962	49.599	78.896	115.263	4.3
South America-South America	29.477	33.841	39.670	53.523	50.793	52.673	47.932	52.556	128.472	220.882	7.4
Southeast Asia-Southeast Asia	17.685	29.881	53.811	53.650	57.030	60.566	59.355	71.820	133.885	213.785	5.6
Southeast Asia-Southwest Asia	5.658	5.804	8.104	10.935	11.591	12.576	12.513	14.890	27.174	45.896	5.8
Southwest Asia-Southwest Asia	10.471	11.802	15.205	16.010	16.818	17.416	17.712	21.254	53.611	99.145	8.0
Rest of the World	5.614	7.242	8.862	13.716	14.880	15.225	15.839	18.784	37.151	72.577	7.0
<b>World Total</b>	<b>1673.168</b>	<b>2161.501</b>	<b>2567.213</b>	<b>3378.330</b>	<b>3267.300</b>	<b>3274.610</b>	<b>3289.560</b>	<b>3699.717</b>	<b>6224.160</b>	<b>9496.962</b>	<b>4.8</b>

## AIRLINE INDUSTRY IN INDIA

Nationalization resulted in making air travel a veritable luxury. Air travel was for classes but after liberalization in 1992 and advent of low cost airlines air travel has become affordable for masses. In ten years of competition in the aviation sector, private airlines have changed the rules of the game, and they now account for more than 60 per cent of the domestic aviation market. The entry of budget airlines like Air Deccan, the introduction of cheap airfares by other domestic carriers, combined with incomes rising and growing aspirations has created a new paradigm: air travel is no longer for the elite. More and more middle class families now prefer air travel to traditional rail travel. In 2003, 10 million Indians travelled by air domestically. In 2004, 25 million took to the skies within India and 6 million Indians travelled abroad. Airlines and the aviation business are undoubtedly profitable in India. After long years of lagging behind the global average, the aviation industry is growing with new airlines revving up for takeoff and a massive airport and aviation infrastructure upgrade on the anvil. New liberal agreements with various governments have given international airlines greater access to Indian skies. The two privately funded domestic airlines, Jet Airways and Air-Sahara, have begun operating on international routes, which earlier used to be the domain of the two government-owned carriers Air-India and Indian Airlines.

The result of these liberal measures is that many corporate czars are taking the plunge into the high risk, high sex appeal industry, which has a global reputation of wiping off large fortunes. The increased activity has resulted in a barrage of orders for aircraft and engine-makers. According to industry estimates, aircraft orders worth over \$12 billion would be placed in the next five years. And almost a matching amount will be invested in upgrading airports. The overwhelming response to the Jet Airways IPO, through which the airline raised \$400 million, a lot of it from foreign investors, is just one example of the enthusiasm for Indian aviation industry. A compounded average growth in earnings of 18 per cent is forecasted for Jet Airways between 2005 and 2007. Jet Airways' story has been one of spectacular growth since the airline began operations with two aircraft, 12 years ago. It now flies to 42 destinations in India and has a market share of 43 per cent of passenger traffic, making it the number one domestic carrier. With a fleet of 42 aircraft (34 Boeing 737s and eight ATR 72s) and quality service, Jet has won international acclaim and is today regarded as one of the best airlines in the world, with an average fleet age of 4.2 years (one of the youngest in Asia). The following low cost airlines are making inroads into Indian Airlines Industry:

**Air Deccan** India's first low cost airline. The CEO of this Bangalore based airline is Capt G Gopinath. Like its counterparts around the world, Air Deccan is making waves with its barebones service as well as its rock bottom fares on domestic Indian routes. According to Capt Gopinath "Low-cost carriers are like buses with wings and we have to be ruthless about every element of the cost." Air Deccan's success has however proved that there is a huge market for Low cost airlines in India.

**SpiceJet** SpiceJet is a Delhi-based low-cost airline promoted by the Royal Holdings group. The company has leased its first three Boeing 737-800 jet aircraft and has ordered up to 20 Boeing 737-800 airplanes for domestic routes. By summer in 2005, SpiceJet promises to redefine the concept of value travel in India. SpiceJet has attracted international financial institutional investors like Citigroup, Goldman Sachs and ABN Amro, which collectively hold about nine per cent of the company.

**Kingfisher Airlines** Kingfisher Airlines is promoted by the liquor baron and member of Parliament Vijay Mallya. Kingfisher COO is Alex Wilcox, who has been hired from Jet Blue. Mallya is rocking the establishment by hiring models as cabin crew and high profile fashion designers to do up his aircraft. The competitive advantage of this airline

is 10-channel video and audio entertainment on every seat. Despite all these frills, fares will be about 20 per cent lower than the full-service rivals, Jet Airways and Indian Airlines. Kingfisher will follow the Jet Blue model of low cost airlines and will have the lowest operating costs in the market. The airline has 16-strong Airbus A-320 fleet to run its operations. Four have already been ordered from Airbus, with options to buy eight more, and operating another four on lease basis. Kingfisher Airline is investing around US \$ 33 million to kick off operations, and Mallya's birds have started operations in the first half of 2005.

**AirOne**, another Bangalore-based airline — which has been set up by a group of former Indian Airline pilots — is targeting the non-metro routes and is expected to begin operations in the first half of 2005. The company plans to kick off with two new Embraers from Brazil, each with 50-seat capacity.

**Magic Air:** A low-cost entrant (consisting of ex-Malaysian Airlines employees), it believes there's room for more.

**Alliance Air:** IA's small town sibling hopes to metamorphose into a low-cost carrier by year-end. But being a legacy carrier, it could be difficult to do so.

The Indian domestic market is in need for more capacity. Statistics support that domestic flights are very often overbooked and seats are difficult to find in the busy season. The Mumbai-Delhi route is the busiest, with the Mumbai-Bangalore route being the second busiest. Coupled with a lack of capacity, the other lure for airline entrepreneurs is the enormous growth in traffic in the region in contrast to that in the rest of the world, where growth has plateaued. Air traffic in the Asia-Pacific and India, according to IATA, has shown double-digit growth even as the numbers are stagnant elsewhere. It shows a worldwide growth of just four per cent with growth led by the Asia-Pacific region. Indian airports like Bangalore have, however, reported a growth of 50 per cent in passengers in 2004. Data from the Airports Authority of India shows that between 2002 and 2004, domestic air traffic increased by a whopping 37 per cent; from 28 million to 38.38 million. The burgeoning growth in numbers in domestic travel is also reflected in international sectors. While part of the surge is due to business travel with the economy opening up, a lot is due to Indians travelling abroad on leisure and a rise in tourist arrivals. More than three million foreign tourists visited India in 2004 and the tourism industry grew 8.8 per cent over 2003, the highest growth rate in the world. Hence, global carriers like Air France, Singapore Airlines, and Virgin Atlantic are vying with each other to increase their frequencies in multiples. Competition in the aviation industry has always been a driving force for progress.

### **Growing passenger traffic**

	Domestic	International
2002	28.02 mn	14.13 mn
2003	30.61 mn	15.92 mn
2004	38.38 mn	18.82 mn

Source: Airports Authority of India

Such a growth in numbers will inevitably add to the crush at airports. The major ones are already bursting at their seams, both in terms of passenger facilities and parking slots. The minister for civil aviation Praful Patel has announced year 2005 as the year of airports, in terms of priority accorded by the government. A \$9 billion upgradation programme for airports and the privatisation of the Mumbai and Delhi airports are on the agenda. CAPA(Centre For Asia Pacific Aviation) has predicted that the fleet strength of airlines in India will move up from 175 currently to above 400 aircraft in another five years. About 15 million more seats will be added in the next one year. There will be five to six large national airlines and a similar number of regional players. The flag carrier Air-India is set to fire the first salvo with its own low cost subsidiary Air India Express, which will operate on the India- Gulf routes. Such addition to capacity spells big business opportunities to aircraft companies and others in related fields (see box). It also means that ticket prices will keep coming down, which will in turn spell more business. For the aviation industry, the growth cycle has truly begun. India's aviation story has just begun. Only about 50,000 people travel by air each day in India, compared with about 15 million who take the train. And the number of domestic commercial flights remains minuscule by the standards of the industrialized world — just

600 or so each day compared with more than 20,000 in the United States, which has about a fourth of India's population. Yet the massive growth in the last three years clearly shows that Indians, if given a chance, and if the price is right, would love to fly. The sudden boom in Indian aviation has caught even the normally market savvy global aerospace manufacturers. Air travel in India grew 20 per cent in 2004 and Boeing has raised its 20- year market forecast for aircraft purchases from \$25 billion to \$35 billion. Airbus has been the beneficiary of a large chunk of the new orders announced in 2004.

#### **Big ticket investments till 2009**

Airline	Aircraft orders	Cost(in\$ billion)
Indian Airlines	43	4.0
Air-India	50	5.0
Kingfisher	34	1.7
Air Deccan	42	1.7
Jet Airways	16	0.2
Total	230	12.6

Source: Industry estimates

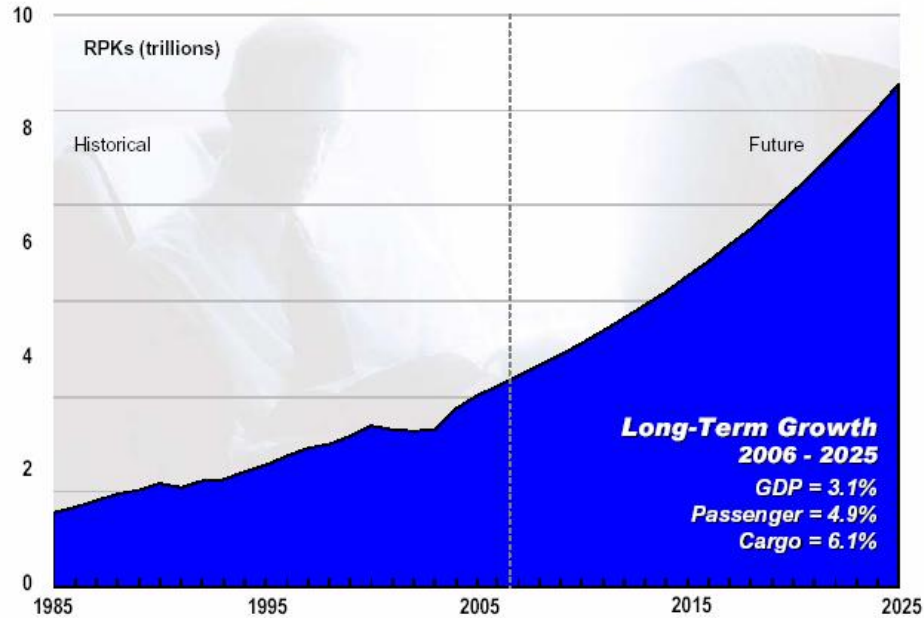
#### **Asia and Central Europe hold the greatest revenue potential**

International scheduled passenger traffic in 2004 increased 15.3% over 2003 levels, and cargo traffic rose 13.4%. Traffic growth in 2004 was exceptional for two reasons. First, there was a one-off rebound from the adverse affects in 2003 of the SARS epidemic and the war in Iraq on air traffic levels. Second, 2004 saw the strongest world economic growth in three decades. The economic environment in 2005 and for the next two years will be less favourable for traffic growth. Over the short term, however, the chances of an economic recession are small, despite rising interest rates and government budget cuts. This is because the relatively low level of inflation, despite the high oil price, implies that interest rates will not rise as high as in previous cycles. So even given a more difficult environment, traffic growth should continue, albeit at a slower pace.

It is where liberalisation is taking place that the strongest potential for traffic growth lies. Economic liberalisation is expected to continue to boost air traffic growth in China and India, and the increasing trade integration of central European countries within the European Union will drive the rapid expansion of air traffic in central Europe.

## Forecast for 2025

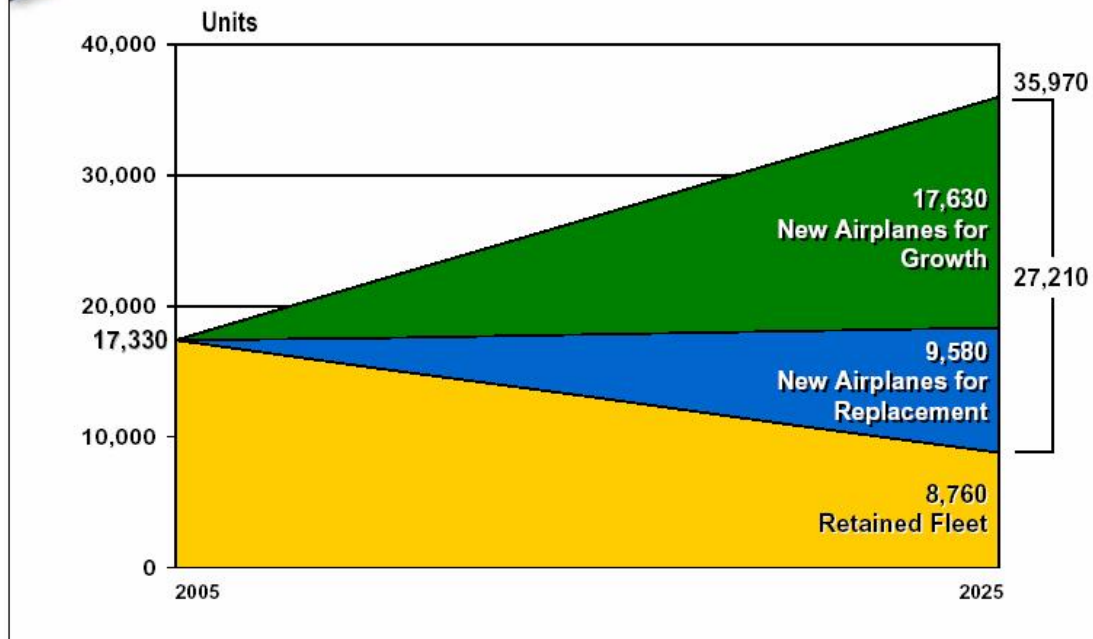
# 20-year forecast: strong long-term growth



The 2006 Boeing forecast is for world air traffic to grow at 4.9 percent annually over the next 20 years. In absolute number of revenue passenger kilometers (RPKs), traffic will grow by just over 2.5 times. During the 20-year period of 1985-2005, world air traffic grew by 2.5 times at an annual rate of 4.8 percent. This period in history includes several recessions, the 1991 Gulf War, the 1997 Asia financial crisis, the downturn following September 11, 2001, and the 2003 SARS epidemic. On the positive side, the period also includes rapid growth in deregulated U.S. markets and European deregulation in the 1990s, as well as periods of economic prosperity throughout the world. In contrast to the cycles portrayed by annual historical data, the Boeing Current Market Outlook 20-year forecast is a long-term projection that smoothes the ups and downs of business cycles, socio-political variations and changes within the airline industry. Thus, the 4.9 percent is forecast as a straight line in comparison to the complex line of the historical period.

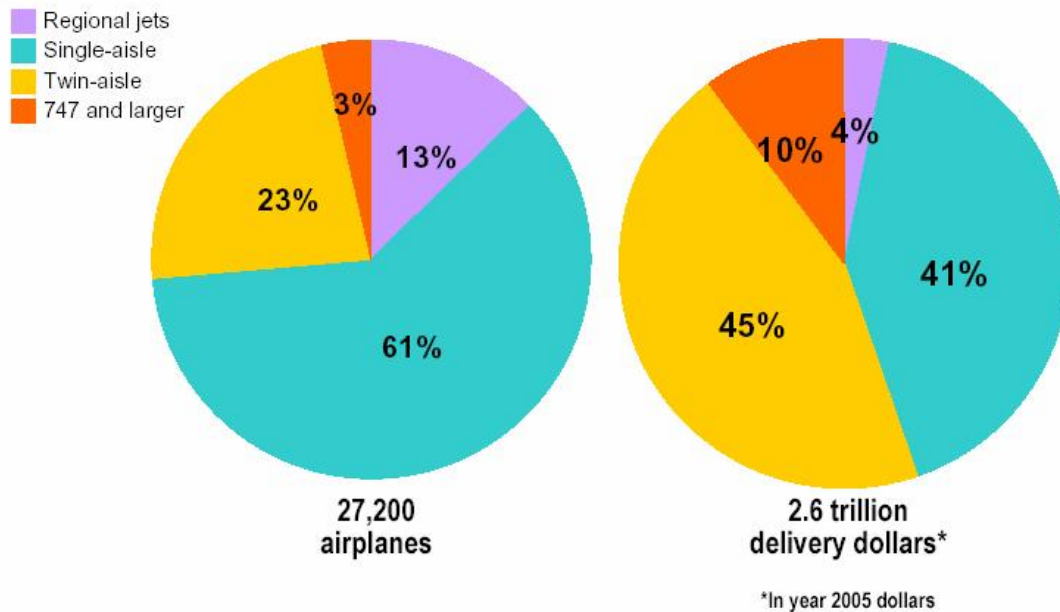
**In summary, our major projections for the 20-year period, 2006 to 2025, are:**  
**Worldwide economic growth will average 3.1 percent per year**  
**Passenger traffic growth will average 4.9 percent per year**  
**Cargo traffic growth will average 6.1 percent per year**

## Long term demand for new airplanes remains strong



Long term demand for new airplanes remains strong. With 4.9 percent passenger growth and 6.1 percent cargo growth projected, the total fleet will more than double by 2025, growing from 17,300 airplanes to almost 36,000. It will take just over 17,600 airplanes to meet these growth requirements. In addition, it will take about 9,600 new airplanes to replace retired and converted airplanes. That's a total need of about 27,200 new airplanes over the next 20 years. Approximately 65 percent of the 27,200 new airplanes being delivered over the next 20 years are attributable to growth in the market. The remaining 35 percent of new airplanes will replace airplanes that are being retired from the system. This strong replacement demand—about 1,400 more than last year's forecast—is being driven by high fuel prices and the introduction of new, very efficient, very capable aircraft. In a tough, competitive environment, airlines are looking for ways to cut costs from their operations. With rising fuel prices, it certainly makes more and more sense for airlines to replace their old aircraft with new, fuel-efficient airplanes, and we have reflected that trend in our analysis. Approximately 8,800 airplanes, about 50 percent of the fleet operating today, will still be in operation 20 years from now.

## Airlines will need over 27,000 new airplanes



### Airlines will need over 27,000 new airplanes

During the next 20 years, single-aisle airplanes will make up the bulk of airplane deliveries at 16,500 units. Because regional jets extend the geographical reach of major airline hubs, augment larger jet operations during off-peak hours, replace major airline larger jets on thin routes and substitute for propeller flights, regional jet deliveries will increase by 3,500 airplanes. In addition, U.S. regional airlines are operating smaller jets on new nonstop flights. Airlines will use single-aisle airplanes along with regional jets to offer more frequencies and increased nonstop service on domestic and short-haul international flights. The majority of Low Cost Carrier flights will continue to be on single-aisle airplanes. Airlines will continue to augment their fleets of mid-size twin-aisle airplanes (6,200) as well. These airplanes will serve fragmenting long-haul markets such as the Atlantic and Pacific, as well as higher density shorter routes, such as those within Asia. The remaining segment, 747 and larger-size airplanes, account for over 3 percent of unit deliveries in the 2006-2025 time period, that is, about 990 747-size and larger airplanes, including freighters. The total market is valued at \$2.6 trillion. The single-aisle and twin-aisle categories represent about 86 percent of that value.

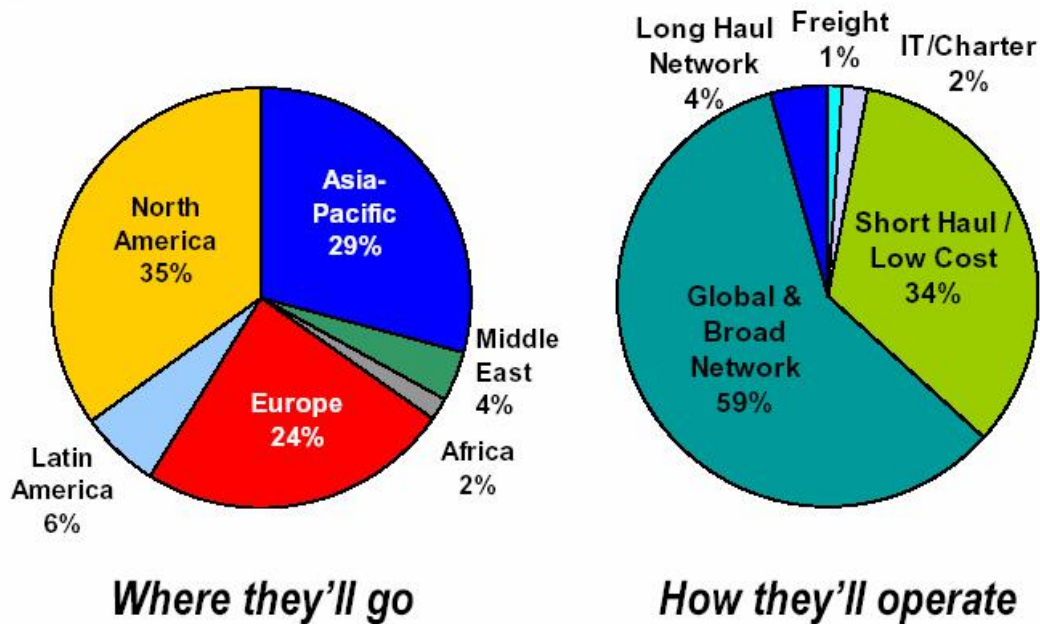
*Regional jets: 90 seats and below*

*Single-aisle: 100-240 seats, dual class*

*Twin-aisle: 200-400 seats, tri-class*

*747 and larger: over 400 seats tri-class*

## 27,000 new airplanes delivered to a wide mix of regions and operating segments



### 830

New passenger aircraft  
Demand per year.

#### 27,200 new airplane deliveries by region and operating segment

The 27,200 airplanes forecast to be delivered to the world's airlines over the next twenty years will be delivered to a wide mix of regions and operating segments. 88 percent of the units will be delivered to North America, Europe and the Asia-Pacific. While Latin America, Africa and the Middle East are smaller markets, they are still important markets because each is projected to experience significant growth in air travel, as we saw earlier. On a delivery dollar basis, the largest market is Asia-Pacific with 36 percent of the \$2.6 trillion total, which is a result of the demand among carriers in this market for more twin-aisle airplanes than in the North America (28 percent) and Europe (24 percent) regions. Deliveries to airlines in Latin America, the Middle East and Africa represent 12 percent of delivery dollars between 2006-2025. 34 percent will be delivered to low-cost and short-haul network carriers. Driven by market competition, the short-haul network carriers are increasingly low-cost oriented, blending the operations of low-cost and short-haul networks. Typically, the approximately 9,200 units will be accommodated by single-aisle airplanes. Charter operations, many of which are in Europe, will take 2 percent of deliveries. Four percent of deliveries will be to long haul network operators. One percent of deliveries will be delivered to all-cargo airlines. The balance, nearly 59 percent of the total, will be delivered to global and broad network carriers.

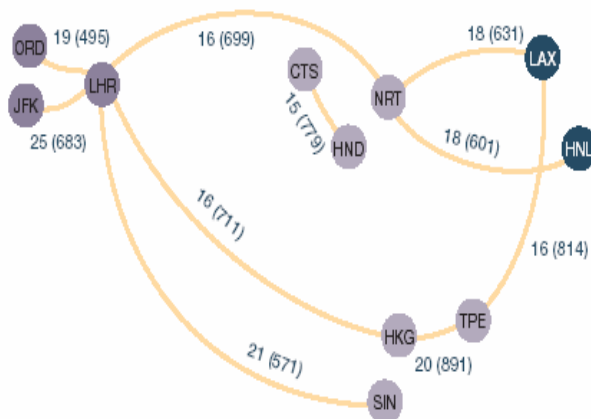
## 52% of the aircraft to be centred on ten airports

By 2023, these large aircraft will be serving 213 airports, linking 513 airport-pairs. As well as operating on a diverse set of markets, large aircraft such as the A380 are expected to operate to many of the airports which operate the 747. Today, 69% of 747s are operated to the Top 20 airports. Similarly, we anticipate that flights from just these Top 20 airports will use the productive capacity of 945 aircraft, or 75% of the 2023 fleet of large aircraft. London, Tokyo and Hong Kong will require 308 large aircraft. Although Los Angeles is the only North American city within the Top 10, San Francisco New York and Chicago will use the productive capacity of 120 large aircraft. The announced routes of the current A380 customers already confirm this. **In 2023,**

**In 2023,  
75%**  
of the world's fleet  
of 1,262 very large  
aircraft will be used  
on flights from just  
the Top 20  
airports

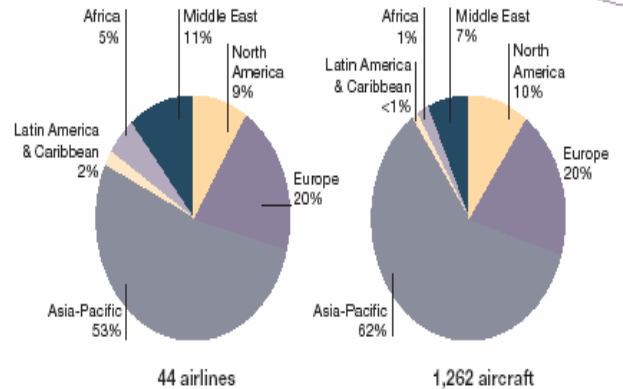
## 12 of the Top 20 large aircraft airports will be in Asia-Pacific

Eight of the Top 10 large aircraft routes will serve Asia



Number of aircraft (avg. seats)

Asia-Pacific will dominate demand



GMF very large aircraft fleet in 2023.

## Aviation is moving from being highly regulated to a more liberalized and competitive marketplace



Aviation is moving from being highly regulated to a more liberalized and competitive marketplace. During the past 25 years, three main forces have radically changed the airline industry: the regulatory environment, airplane and aerospace capabilities, and airline strategies. Government regulations have been critical in shaping the structure of the airline industry. Since the deregulation of the US market in 1978, we've seen a dramatic shift from regulated to deregulated domestic and international markets. We have also seen increased liberalization – even “open skies” – in international markets. This freer market access intensifies airline competition. Airplane capability has also reshaped airline networks. Today, airlines have much greater selection of airplane capacity and range combinations to meet competitive market demands. The combination of changing regulation and improved airplane capabilities has shaped airline strategies in recent years. The events of the recent down cycle have accelerated the effects of these factors. These three main forces will continue to drive our industry's evolution.

**More than 3,100 freighters needed. Large demand for new large freighters.**

### **Higher growth than the passenger market**

Airbus forecasts that air freight expressed in terms of freight tonne kilometres (FTK) will grow at a 5.9% average annual rate over the 2004-2023 period. The US domestic market, still the largest with a 15.4% share of world FTKs, is also the most mature. It will nevertheless grow at a sustained 4.3% rate per year, remaining the largest market in 2023, with an 11.5% share of world's FTKs. Traffic flows from Asia are expected to continue to grow the quickest, with traffic from China to USA and Europe leading

average annual growth in excess of 7% over the next 20 years. By 2023, traffic from China to North America and from Asia to North America will have surpassed today's second largest freight market of Europe to North America. Domestic Chinese traffic will

increase eightfold over the next 20 years, from 2.7 billion FTKs, to 16 billion FTKs. The North American domestic market is currently served by a fleet of 770 freighters, compared with less than 7 dedicated freighters utilised in the Chinese domestic market, with the majority of air freight carried below deck on scheduled passenger services. China's export and import of goods and services account for 75% of their GDP. The growth of the domestic consumer market in emerging countries such as China, India, Brazil and Russia is boosting trade, not only in Europe and North America but worldwide. For example, all of the Australian 2003 increase in exports went to China, as did 45% of South Korean exports.

### **Freighter fleet to grow 2.4 times**

The 253% increase in traffic carried by dedicated freighters over 20 years will be achieved through a combination of more large aircraft, higher utilisation and higher load factors. The freighter fleet is estimated to grow by 140%, with average aircraft payload going up 18%, from 50.7 tonnes to 60 tonnes. This average payload increase is due in part to the size of types used, including the A380F, but also to the faster growth of the networks on which they are used. Beyond the aircraft themselves, we expect that operators will manage to fly their aircraft more hours each year and will also be able to modestly increase load factors. These two elements are expected to contribute another 24% to the FTK increase. The current active cargo fleet of 1,506 jet aircraft is expected to grow to 3,616 by 2023. Of the 3,139 deliveries, 727 units, or 23%, will be new factory-built freighters, while 2,412 will be converted freighters. New-built deliveries are valued at 129 billion US dollars (2004). The North American fleet will still be the largest in terms of aircraft and FTKs generated. The Asian dedicated freighter fleet will increase by 419 units, or 3.4 times, over the next 20 years.

### **Increasing propensity to travel in emerging nations**

Comments made by IATA, during a recent “state of the industry” address, highlight the potential for emerging markets: “China and India have the potential to reshape the travel industry.” Indeed, the two Asian giants have been in the midst of an economic transformation that is anticipated to turn them into the world’s largest consumer markets within 25 years. Their combined purchasing power could be five times greater than that of the United States of America today. Today, every US citizen makes on average 2.2 air trips each year. The corresponding figures are just 0.02 trips per year for India and 0.06 for China. There is therefore huge potential for air travel growth by these and other emerging and developing countries, as wealth grows and air travel becomes affordable by more and more people.

## **Proposed Strategy for Integrated Development of Aviation, Tourism & Hospitality Sectors in Northern India**

India's economic reforms have given a big push to Indian Tourism as well. Not only there is continuous product improvement, but there has also been a phenomenal growth in infrastructure, which augurs well for its development in future. Tourism, rightly, being projected now as the new engine of economic growth and an instrument for eliminating poverty, ending unemployment, creating new skills and upliftment of women.

Tourism creates more than any other sector of the economy and is capable of providing employment to a wide spectrum of job seekers from the unskilled to the specialized, even in remote areas of the country. For every Rs 10 lakh invested, the tourism industry can create 47 jobs, hotel and restaurants 89 jobs while manufacturing industries can create 12.6 jobs and agriculture 44.7 jobs. The Planning Commission projects creation of additional 26 million employment opportunities in tourism-related businesses within a decade.

Despite the litany of international crises, today, it is an accepted fact that tourism is the fastest growing industry in the world, a creator of wealth and business opportunities, an income multiplier, a catalyst for employment and preserver of environment.

The buoyancy, which Indian Tourism is witnessing today, both in terms of international arrivals, growth in domestic tourism, and foreign exchange also needs to be shared by the northern Indian states, especially, Punjab, Haryana, Himachal Pradesh, J& K, Uttaranchal and Chandigarh.

These states will have to work in tandem to make tourism a tool for the development of their economies and employment generation to the maximum extent possible.

- **TOURISM MASTER PLAN** : Although, it is desirable that northern Indian states should plan their own tourism products, time has come to project Northern India as a Single Destination and for that it is important that a broader Master Plan is prepared for the region for tourism and aviation development for the entire region is formulated with Sub- Master Plans for each of the states with focus on sustainable development. The local communities need also to be involved in the planning process, as often it is observed that local communities, who are the gainers or losers of tourism development, are left out of the process.

We need to evolve a concept of tourism-related comprehensive area development plan taking into consideration the protection of natural environment, archaeological monuments, culturally sensitive areas including the preservation and protection of rich cultural heritage. The approach should be of meeting the needs of the present visitors and the host region, while at the same time, protecting and enhancing the natural resources and opportunities for the future. The concept of Carrying Concept need also to be to be incorporated in the planning process.

- **Develop Special Tourism Zones** : On the lines of Special Economic Zones, northern Indian states should also develop Special Tourism Zones ( STZ) with all facilities, normally required by various categories of visitors.
- **Specify/ Earmark Sites for Tourism- related Projects** : Northern Indian States should specify / earmark suitable sites for entrepreneurs and developers who are keen or who could be encouraged to invest in tourism- related projects by offering adequate incentives, concessions and facilities.
- **Joint Marketing & Promotion** : Like the southern of Andhra Pradesh, Karnataka, Kerala and Tamil Nadu, which are getting together to promote themselves as a Diamond Quadrangle and the recent creation of the North East Brand 'Eastern Eight' with the slogan , 'Eight States- 8000 Reasons to Visit' a common strategy needs to be worked out by the northern states to jointly market their attractions and services.

Instead of frittering away resources by individual states the strategy may include pooling of resources for organizing Cultural- Cuisine- Craft Festivals which should be organized at tourist generating centres like Mumbai, Ahmedad, Bangalore, Chennai and Kolkata and then at 2- tier cities. Later on such Festivals could be organised at important cities in America, Europe, Canada, Australia and even in South Eastern countries.

Similarly, there should be joint participation in Travel & Tourism exhibitions and fairs as WTM, ATB, SATTE etc The Joint promotional plan should also bring out a newsletter, AV presentations, films, CDs, guide books, brochures, maps, posters etc. covering all information normally required by a visitor. Such publicity material should be available at all tourist information offices both in the country and overseas.

- **Inter – State Pilgrimage & Other packages. :**

With a view to attract tourists during the lean months of December to March, Tour Packages for Punjab, Haryana, HP and Chandigarh were designed a few years ago with a film entitled " A Winter Paradise". These tours need to be revived and vigorously promoted while working out new Packages which also include J&K and Uttaramchal.

Similarly, Inter- State Pilgrimage Packages need also to be worked out. There are a number of Devi Shrines in the Himalayan States of Himachal Pradesh, J&K and Uttaranchal which could be woven into such packages.

- **Promoting NRI Tourism to Northern India** : NRIs visits to Northern India should be promoted by working out specially designed Customised Packages, helping 2<sup>nd</sup> & 3<sup>rd</sup> generation Indian Diaspora in locating their roots, undertaking special marketing drives through tourism exhibitions, marts, etc.and exploring new themes to add value to the special tours. The packages could include their native

villages / towns, local fairs and festivals, traditional weddings and important pilgrimage destinations. Special NRI students exchange programmes should also be organized.

To attract NRIs, the state government authorities will also have to bring out suitable brochures, posters, fliers, videos and get commercials displayed on television. There should be some potential for “ add ons” tourism packages for commercial travelers, entrepreneurs/ technology transfer entrepreneurs and others.

With a view to have focused marketing and to create an awareness about the attractions of the region , it seems necessary to involve Indian Missions abroad , Government of India Tourist Offices, Airlines Offices, NRI Associations, NRI newspapers and journals, ethnic TV channels, ethnic FM radios, and others who are connected with the non-resident Indians one way or the other. Special incentives need also to be given to the private tour operators by way of brochure support. Special road shows in important markets need also to be planned in association with Travel Trade Associations. Financial support for these Road Shows could be obtained from the Government of India, Ministry of Tourism and the State Governments. FAM tours for ethnic media and ethnic associations could be organized besides exploring themes to add value to the special drive such as fairs and festivals like Diwali, Hola Mohalla, Baisakhi, Basant , Dussehra and other such occasions

**§ Harnessing NRI Resources for Aviation & Tourism Projects :** **Developing adequate infrastructure is the main requirement of tourism and other allied sectors.** Non- resident Indians who have immense resources such as financial, technical, scientific and managerial, need to be actively involved for aviation, tourism and hospitality projects in northern Indian states. It is, therefore, suggested that a national level Seminar on investment for infrastructure in these sectors need to be organized under the aegis of Union Ministry of Tourism with, States, Private Sector and participation by NRI investors, entrepreneurs and developers. In this seminar, domestic resources

**§ Public- Private Partnership :** Both Public and Private Sectors will have to join hands to make tourism a vital segment of the nation’s as well as regional economy. In fact, the Private Sector with its professional maturity and resources needs to play an active role in developing infrastructure along with other facilities where as the government should be more of a facilitator and play the major role of regulation of the industry and protection of the environment and ecology.

**§ Promoting Health & Herbal Tourism :** Among the many segments of our Tourism product, Health Tourism based on Ayurveda, Meditation, Yoga, Naturopathy and Panchkarma, is now fast developing as people are increasingly becoming conscious and are travelling to different climes to get treatments. Kerala is the success story where a large number of both domestic and international tourists visit every year to avail of the indigenous therapies. In fact, more than 80 per cent of the inbound traffic to “ **God’s Own Country**” comes only to benefit from these rejuvenating therapies.

Northern Indian states with salubrious climate and infrastructural facilities could explore the possibilities of developing Ayurveda- based Health Resorts as “ **Holistic Health Destinations** “ which would not only open new vistas for development but also

generate income and employment opportunities , especially for the rural youth, even in backward regions of the region. Meanwhile, State Tourism Authorities may consider introducing **Panchkarma Packages** in their complexes and properties. Inter- state **Herbal Tours** need also to be organized.

Union Ministry of Tourism should provide all assistance to the state governments in promoting Health Tourism, in terms of funds and finances, which would add a new dimension to their existing tourism product.

**Developing Rural Tourism** : In view of the profound changes taking place throughout the world, Rural Tourism or Farm Tourism is now being taken up by many a state government in the country as the new activity for broadbasing their tourism product. The states should actively promote the development of village tourism as a primary tourism product to spread tourism and its socio-economic benefits to rural and new geographical areas.

Northern Indian States should also identify select villages with unique salient marketable features and develop them as **Model Tourist Villages** which reflect their cultural and historical heritage. Developing rural tourism would also considerably help in checking the migration of the local youth to the urban areas. Developing rural tourism would bring considerable economic and social benefits to the village population, and give impetus to the conservation and revival of traditional and ethnic handicrafts, and provide motivation for developing new products for visitors.

Another initiative which the Northern Indian States can take up is the preservation of villages on the analogy of **Pragpur in Himachal Pradesh**, a shining example of how local inhabitants have not only preserved their old architectural wealth but converted the same into an important tourism product. Many such villages in the region can be converted into **Heritage Villages**.

In addition to the concept of Heritage Villages, the possibility of developing **Heritage Complexes**, like Chokhi Dhani, which have the potential to generate a large number of direct ,indirect and induced job opportunities for the local people should be encouraged.

**Promoting Youth & Budget Tourism** : While developing facilities for different categories of visitors , we should create necessary infrastructure such as youth hostels, huts, cabins, tentage colonies for the youth, pilgrims, and budget tourists at different places of tourist interest in the northern region. It is suggested that all northern India states hold Rural Sports Competitions annually on a rotational basis making these as tourism events.

**Paryatan Bhawan at Chandigarh** : With a view to provide information to tourists on places of interest in the northern Indian states under one roof, there is a need to have a Paryatan Bhawan at Chandigarh. This Bhawan will have offices of all Northern Indian State Tourism Departments, State Tourism Corporations, Transport operators, Railways, Airlines, Banks, Post Offices & Telegraph offices, NRIs, National Tourism organizations such as IATO, TAAI, TAFI, ATOA, ADTOI, FHRAI and other agencies for centralized reservations of accommodation, rail and transport.

The proposed Bhawan would also have accommodation of various categories of transit passengers, who could stay there at least for 24 hours before making alternative arrangements.

**Northern India - Sound & Light Show ( Son'et Lumiere ) at Chandigarh :** There is a need to have a Sound & Light Show ( Son'et Lumiere) on northern region of the country at Chandigarh on permanent basis in English and Hindi languages, which provides a peep into the culture, history, heritage, lifestyle, giving an insight into customs and traditions, fairs & festivals, handicrafts, tourist attractions etc.

There are many historical and archaeological monuments in Northern India such as Jagatjeet Palace at Kapurthala, forts at Patiala, Bhatinda and Kangra where S&L shows could be developed..

**Developing Northern as Aviation Hub :** Aviation is now crucial for sustainable development of trade, commerce, tourism and even agricultural products. It is, therefore, vital that airport infrastructure grows in anticipation of the escalating needs of the air transport industry.

As this is a capital – intensive sector, there is an obvious need to muster the combined resources of the Public-Private sectors, both domestic, NRIs and Foreign Direct Investment. India is emerging as one of the most promising markets with prediction that 100 million new urban middle- class consumers will become potential travellers by 2110.

Being well aware of the symbiotic relationship between Tourism & Aviation, efforts should be made to improve and upgrade infrastructural facilities at the airports in the northern India States. Making greater use of helipads, most of which are in a neglected state of affairs, Working out Air Packages and introducing helicopter/ chopper services from Chandigarh to places of interest and pilgrimage centres in HP, Uttarakhand, Punjab, Haryana, J&K and even to Uttar Pradesh and Rajasthan should be taken up immediately. The Airport at Chandigarh, although being taken up, for expansion, needs to be taken up on priority while the Airport at Pathankot should be commissioned without delay. Efforts should also be made to put Halwara near Ludhiana on civil aviation map. That will give big fillip not only to business and commercial activities but in promoting the visits of the NRIs as majority of them are from the Doaba region of the State of Punjab.

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## International Punjabi Chamber for Service Industry

IPCSI represents a cross section of NRI professionals, experts, entrepreneurs, visionaries, businessmen, scholars, educationists, writers, authors, besides trade commercial, educational and cultural organizations in countries where they are settled and the domestic corporate to serve as conduit between them for promoting the Service Industry and the overall cross-cultural relations.

As the services have grown in importance over the past few years all over the world and in most economies employment has been shifting from agriculture industry to the services providing sectors, IPCSI has made its main aim to promote the service sector in the northern region particularly in Punjab which has immense potential for the same on account of well developed infrastructure, skilled human resource and the conducive environment which now prevails. To achieve this aim, IPCSI had organized International Convention of NRIs and Indian Corporate with focus on "Business Opportunities in the Service Industry" on 14<sup>th</sup>-15<sup>th</sup> Jan 2006 (Parvasi Punjabi Divas) and international summit on infrastructure, Housing & Real Estate Development on 4<sup>th</sup> March 2006, in collaboration with the Department of NRI Affairs, Govt of Punjab.

### Objectives

- To serve as Asia's first centre for research and consultancy for Service Industry promotion.
- To work for establishing a Deemed University of Service Industry.
- To work as NRI Club for bringing NRIs, domestic corporate and others on a common platform for sharing their views, expertise and resources.
- To act as Facilitation Centre for NRIs with 24x7 service.
- To link Non-Resident Indians, particularly of Punjabi origin with their motherland culturally & emotionally.
- To harness the rich financial, scientific, technical and entrepreneurial resources of the NRIs for developing Service Industry related projects and infrastructure in Northern India for employment generation, having a multiplier effect on the economy.
- To carry out research on NRI contribution for India's economic and social development & to their adopted countries.
- To help the Indian Corporate set up Service Industry related projects overseas and develop collaborations / partnerships / alliances with their counterparts in other countries.
- To assist/encourage joint research in Service Industry segments by scholars, academicians, HR practitioners and others in India and overseas.
- To provide consultancy and also prepare Project/Feasibility Reports for setting up Service Industry related ventures in Northern India.
- To organise annual Conventions / Conferences / Conclaves of Non-Resident Indians and Domestic Corporate for promoting mutual business & social interests.
- To promote NRI visits to Northern India and help offer customized packages especially for religious and pilgrimage sites.
- To honour NRIs for their outstanding contribution to the Service Industry.
- To compile & maintain a DataBank of NRIs, especially of Punjabi origin for possible use by domestic Corporate, educationists and others for possible collaborations/partnerships with their counterparts abroad.
- To facilitate NRIs during their visits to their motherland.
- To organize student exchange programmes between children of NRIs and Indian students forging stronger

### IPCSI Vision & Strategy for Punjab in 2007

To channelise Investment-Infrastructure Development-Employment Generation  
(Focus - Service Industry)

Date	Event	Venue
27 <sup>th</sup> -28 <sup>th</sup> April 2007 (Fri-Sat)	<b>Asian IT &amp; Telecom Ministers and Experts International Summit</b>	Singapore
29 <sup>th</sup> -30 <sup>th</sup> June 2007 (Fri-Sat)	<b>Asian Tourism &amp; Aviation Ministers &amp; Experts International Summit</b>	Malaysia
11 <sup>th</sup> August 2007 (Sat)	<b>Asian Summit on Infrastructure, Housing &amp; Real Estate Development</b>	Delhi, India
7 <sup>th</sup> -8 <sup>th</sup> September 2007 (Fri-Sat)	<b>Asian Finance Ministers and Finance Experts International Summit</b>	Mumbai, India
24 <sup>th</sup> - 25 <sup>th</sup> November 2007 (Sat-Sun)	<b>Asian Education Ministers &amp; Experts International Summit</b>	Chandigarh, India
1 <sup>st</sup> -2 <sup>nd</sup> December 2007 (Sat-Sun)	<b>ITFT JobsFest for Employment</b>	Chandigarh, India
22 <sup>nd</sup> -23 <sup>rd</sup> December 2007 (Sat-Sun)	<b>Asia Today Conclave - Annual Event</b>	Delhi, India
11 <sup>th</sup> -12 <sup>th</sup> January 2008 (Fri-Sat)	<b>Parvasi Punjabi Divas - Annual Event</b>	Chandigarh, India



## **International Punjabi Chamber for Service Industry**

*(Single window to channelise Domestic-NRI Investment, FDI & Knowledge Partnership)*

### **NRI International Secretariat**

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*with Department of NRI Affairs, Govt. of Punjab as anchoring Department*



*Event Planned & Organised by :*

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