

【India】

Survey on Challenges in the Transportation and Tourism Sector in the ASEAN-India Region in FY 2022

TAKASHIMA Minoru, Research Fellow, JTTRI-AIRO
SHIGEMATSU Eri, Research Fellow, JTTRI-AIRO

1. Introduction

In the ASEAN-India region, rapid economic growth has led to advancements in transportation infrastructure and improved service levels for public transportation. However, there are also issues such as insufficient connectivity between modes of transportation and a lack of safety awareness in public transportation. Furthermore, the outbreak of the Covid19 pandemic has brought about new changes to passenger transport and freight transport throughout the world.

In these circumstances, we conducted a survey on challenges in the overall transportation and tourism sectors in 2022. We particularly focused on 5 countries in the ASEAN-India region, namely Vietnam, Philippines, Indonesia, Thailand, and India as a target of the research. We conducted interviews with experts, scholars, and other knowledgeable individuals in these target countries to understand and to categorize the causes of the local challenges in the transportation and tourism sectors, then to consider and arrange approach strategies to address them. As the research in tourism only started in 2022, we collected background information on the tourism field as well.

This report provides an overview of the background and challenges in the transportation and tourism sectors in India, and discusses potential directions for addressing these challenges.

2. The Current Situation and Challenges in the Transportation Sector

(1) The Current Status of Transportation Infrastructure

①Roads

1)Road traffic safety

In 2017, the highest number in the world of annual number of deaths due to traffic accident was 146,000, 32% increasing from 2007 to 2016.

2)EV vehicles and supply chain base

The establishment of EV vehicles and supply chain bases is being promoted for the purpose of decarbonization, and FAME (Faster Adoption and Manufacturing of Hybrid & Electric Vehicles) that aim to encourage the gradual introduction of reliable, economical and efficient EV vehicles. 6.4 billion rupees will be provided as a subsidy scheme to 371,000 EV vehicles as a subsidy when purchasing EV vehicles, as well as reducing consumption taxes when purchasing EV vehicles and charging equipment by divided into Phase 1 from April 2015 to March 2019, and Phase 2 from April 2019 to March 2023.

There are a few problems that have been listed. Regarding the spreading of EV, the specifications of charging devices of each car manufacturer are different. It is necessary to standardize the specifications. There have also been reports of cases of batteries exploding when using EVs in high-temperature regions such as Rajasthan and it is necessary to establish safety measures.

②Railway

1)General in railway

In India, there are 12,000 passenger and freight trains transporting 25million passengers per day and 7,000 logistics freight trans transporting 2.8million

tons of cargo per day. Total length is 64,600km.

2) High speed rail

Even though Mumbai - Ahmedabad high speed rail line has begun, there are many issues regarding to the next step of constructing a nationwide high speed rail network. Mumbai - Ahmedabad line is developed with funding from Ministry of Railways, Gujarat state, and Maharashtra state. Subsequent routes is being considered to proceed with joint investment with private companies. In addition, according to the national policy [Made in India], although urban railway and semi-high-speed railway vehicles are able to be manufactured domestically, still foreign technology must be introduced for high-speed railway vehicles and signal system. Furthermore, there is a need to develop human resources for high-speed railway operations and support from overseas high-speed rail operators. As well as a need for establishment of educational and training center within India in the future.

③ Ports and Harbors

Due to the increasing demand for shipping, shipping companies have increased the size of their ships, but port facilities in India do not have enough facilities and equipment to accommodate these large ships. As well as a lack of storage space for containers is also an issue. The vision of Maritime India Vision 2030 which announced in 2021 was planned with the goal of future development of the entire shipping sector but in order of implementation, there still need for detailed plans and implementation policies.

④ Aviation

India has the third largest number of airline passengers in the world. And demand is expected to continue to increase but laws and regulations may become an obstacle to the growth of the aviation sector. Barriers for new entrants are high due to strict regulations and high aviation fuel taxes. And government agencies have exclusive rights to operate and manage airports and do not allow private sector to participate in resulting in inefficient operation and management. Ude Desh ka Aam Naagrik (UDAN) has been implemented since 2016 as a scheme to develop regional

airports and aid passengers in purchasing tickets, but it targets small regional airports and does not apply to large cities such as Mumbai Airport and Delhi Airport. It is still necessary to establish measurements to alleviate congestion at the airports.

⑤ Logistics

The share of each transportation modes in logistics within India is 60% by truck (road), 30% by rail, and 6% by domestic maritime. Additionally, 95% of international trading is via maritime.

We surveyed logistics specialists in major import partner countries and surrounding countries in six areas (1) customs, 2) infrastructure, 3) ease of shipping procedures, 4) quality of logistics services, 5) tracking, and 6) timeliness. In 2018, India ranked 44th in the Logistic Performance Index, which evaluates and scores on a 5-scale point.

Road logistics challenges in India include slow transport speeds, long customs clearance times, ineffective use of vehicle capacity, high exhaust gas emissions, inadequate vehicle and road infrastructure, and frequent inspections on roads and at checkpoints. This is said to be the cause of the inefficiency of road logistics.

Coal and steel products account for more than half of freight rail transport. The main transportation mode of these heavy cargoes are railways and maritime, which can transport larger quantities and more efficiently than road transport by truck. However, transshipment facilities between railways and ports are not sufficiently developed.

(2) Results and issues from expert interviews

① General issue

In transportation sector, connectivity between multiple modes is extremely important but up until now, there is still no master plan that covers major modes of transportation existed in India. In Japan, studies regarding to the connectivity of various transportation modes are actively conducted and take into account by using computer models, and carry on with an idea that such a knowledge should be utilized to consider a

national transportation master plan. In India, each government administrative agencies are vertically divided. And since the coordination between ministries and agencies are not working well, a government agency such as the Ministry of Land, Infrastructure, Transport and Tourism of Japan that has jurisdiction over all transportation modes is necessary in order to implement projects such as formulating master plans and connecting transportation modes at nodal point. In addition, in order to promote the cooperation with private sector in transportation infrastructure development, the master plan of this promotion and details should be publicly announced to create an easy to access environment for private sector.

② Issue by sector

In 「Railway」, Regarding to future expansion of railway network, it can be expected to be continue developing in the future but there is a concern that improving accessibility and mobility from stations (junction points) to destinations would be a major issue. Additionally, eventhough the maintenance and management of railway infrastructure facilities is also a major problem, in term of railway's O&M, it is necessary to ensure that infrastructure quality problems in the past can be shared with other lines.

In 「Ports and Harbours」, it was documented that there were problems of inadequacy of port facilities that could not accommodate large ships and insufficient container space.

Regarding the coordination of various transportation modes, India has a wide variety of tourism resources, but they seem not to be understanding well about the importance of how systematically implement tourism development for domestic tourism and inbound tourist can attract tourist. And in order to achieve this, it is necessary to improve the public transportation network, especially in tourist areas, and to coordinate with various transportation modes.

(3) Main issues to be considered based on expert interviews

National future development policies and strategies for each major field of transportation in India have been formulated for each sector: roads, railways, aviation, and ports, but a national transportation master plan covering these has not yet been formulated. Because each sector has established its own development policies and strategies without sufficiently considering cooperation with each other, there is no balanced and efficient development policy or strategy for the overall transportation sector. India has a large land but investment resources for infrastructure development, etc. are limited, so it is necessary to formulate development policies, strategies, and specific implementation plans that considering on collaboration among major transportation sectors. Below are the development policies and strategies for the transport sector in India and the responsible ministries.

Sector	Development policy and strategy name / responsible ministry
Road	National Highway Development Plan/Ministry of Road Transport and Highways
Railway	National Rail for India2030/Ministry of Railways
Port	Maritime India Vision 2030/Ministry of Ports, Shipping and Waterways
Aviation	National Civil Aviation Policy, 2016/ Ministry of Civil Aviation

As mentioned above, the ministries and agencies responsible for the major transport sectors in India are all different organizations. In general, the Indian government is said to be vertically divided, with a strong sense of territory, and insufficient coordination between ministries, which is one of the reasons why collaboration in the transportation field is not progressing. In addition, although the National Institution for Transforming India (NITI Aayng), an organization under the direct control of the Prime Minister, formulates policy recommendations to the Prime Minister and long-term economic policy plans, it is also the organization that takes the lead in

formulating the master plan, including implementation plans and budget measures. However, the nature of the organization is different.

For this reason, it is necessary to consider methods for formulating and implementing a national transport master plan that covers the major transport sectors.

3. Basic Information on the Current Situation and Challenges in the Tourism Sector

(1) Basic Information on the Tourism Sector

① Outline

The number of foreign visitors to India increased from approximately 6.31 million in 2011 to approximately 10.93 million in 2019, around 1.7 times (data not including visa-exempt countries such as Bhutan and Nepal). From 2011 to 2016, the number of visitors remained between 6 million and 8 million, but in 2017 the number exceeded 10 million. As of 2019, the largest number of foreign visitors came from neighboring Bangladesh, followed by the United States, United Kingdom, and Australia. In 2021, only the United States had an increase in visitors compared to the previous year, indicating the strengthening of the Indo-Pacific partnership in the United States. The top three countries (Bangladesh, the United States, and the United Kingdom) accounted for approximately 60% in 2011, but this is expected to increase to approximately 75% by 2027. In addition, as of 2019, the amount spent by foreign visitors was approximately \$31.9 billion, and the average annual growth rate was higher than the world average. In 2024, it is expected to exceed the amount consumed in 2019 and it is expected to reach approximately \$57.2 billion by 2027.

The number of employees in the tourism industry also showed an increasing trend until 2019, reaching approximately 40 million people, accounting for 8.4% of the total number of employees. In 2020, the number decrease by about 30% compared to the previous year due to impacts of the new Corona virus such as tourism related business shutdown, bankruptcies or restructuring, temple lock-up, and others, but the

number is turned to increase in 2021. In addition, in 2019, the tourism industry's share in GDP is between 6% nearly 7% to a bit over 8%, and although it was on the decline, the actual number was on the rise.

The average length of stay for foreign tourists in India was 24 days in the five years from 2017 to 2021, which is significantly longer than in other countries in the ASEAN region.

The Indian government focused on building new and upgrading infrastructure during the lockdown, reducing travel times between major cities, and improving rail services. The government is running a campaign called “Dekho Apna Desh” (See Your Country) to stimulate demand for domestic travel. Additionally, through the G20 Summit in 2023, efforts are being made to promote India as a tourist destination and strengthening digital marketing.

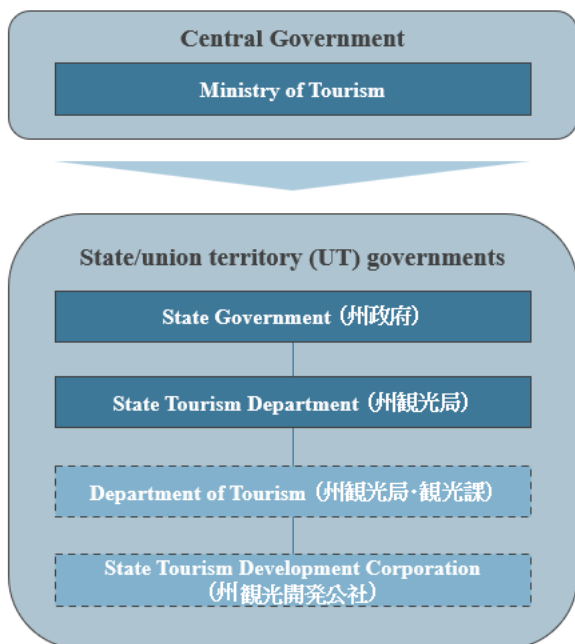
India is hosting the G20 in 2023 and is also attracting attention as a host for post-pandemic international events. The government plans to continue to strengthen its efforts to attract international tourists and promote a recovery in overseas travel demand among Indian tourists. India looks to play a leading role in the tourism sector in the Asia-Pacific region and is also committed to increasing its presence through international tourism cooperation such as Asia-Pacific Economic Cooperation (APEC). Starting in 2023, India plans to close all its tourism offices overseas and focus its tourism promotion overseas on digital marketing.

② Government Organization Structure in the Tourism Sector

India's administrative structure is three-tier: the central government, state/union territory (UT) governments, and local governments. Each state/union territory has a tourism department, which is responsible for developing and promoting tourism in its region. The tourism departments of each state and union territory work closely with the central-level Ministry of Tourism (National Tourism Board of India) to implement national tourism policies and initiatives at

the local level.

Figure : Organization chart of government agencies in the Indian tourism industry (State/Union Territory Government)



Source) Government of NTC of Delhi より JTTRI-AIRO 作成

The Ministry of Tourism (National Tourism Board of India), as the core agency for tourism development in India and abroad, coordinates and complements the efforts of the state and federal governments, promotes private investment, strengthens promotional activities, and develops human resources. The organizations and departments under the direct control of the Ministry of Tourism (National Tourism Board of India) include domestic and overseas office, project office, and the India Tourism Development Corporation limited.

The Indian Institute of Skiing and Mountaineering was originally launched as a government program but has now established itself as a guide training institute focused on nature. Particularly in recent years, there has been a focus on adventure tourism.

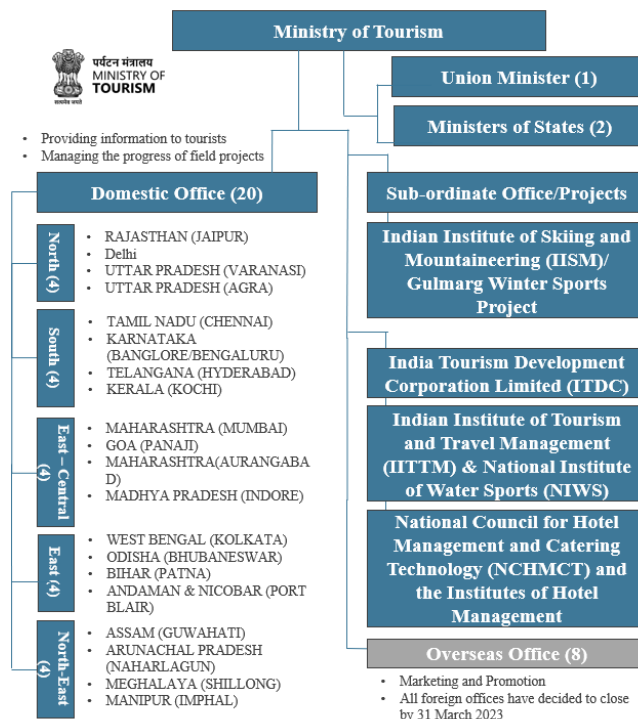
India Tourism Development Corporation was established in October 1966 and serves as the driving force for the development, promotion and expansion of tourism in the country. Its roles are mainly involved in the construction, operation and marketing of hotels, beach resorts, restaurants, etc., provision of transportation,

entertainment and shopping services, creation and distribution of tourism PR materials, provision of consulting and management services in India and abroad, and operation of certified money exchangers, and others.

IITM is an educational institution under the Ministry of Tourism (National Tourism Board of India) that provides education, training, research, and consulting on sustainable management in tourism, travel, and other related fields. It is also commissioned by the Indian Tourism Board to conduct regional-level guide training programs for all regions of the country.

The National Council for Hotel Management and Catering Technology is an autonomous organization established by the government in 1982 to grow and develop hospitality management education in the country. In 2022, there are 93 educational institutions participating, offering 11 programs including bachelor's and master's degrees through the council. Specifically, conduct various types of research and guidance on food management, hotel management, catering technology, etc., as well as provide recommendations and advice to the government.

Figure : Organization chart of government agencies in the Indian tourism industry (central government)



Source : Ministry of Tourism

(<https://tourism.gov.in/about-us-ministry-tourism/role-and-functions-ministry>)、ET TravelWorld News created by JTTRI-AIRO

③ Government’s Statutory Plans Regarding Tourism

It was pointed out that India does not have a national tourism strategy and it should be created at an early stage with the aim of achieving sustainable growth of the tourism industry. Currently, a new tourism strategy is formulating with the vision of “Making India a sustainable and responsible top-tier tourism destination by transforming tourism destinations and offering world-class tourism experiences.”

Figure : India Government’s Statutory Plans Regarding Tourism

	KPI			
	2023	2030	2040	2047
The number of International Visitors (million)	13	25	56	100
The number of Domestic Visitors (million)	2	4	10	15
Total Revenue from Tourist (billion USD)	30	56	175	400
Employees in the Tourism Sector (million)	88	137	257	400
Tourism GDP (billion USD)	143	248	550	1,000

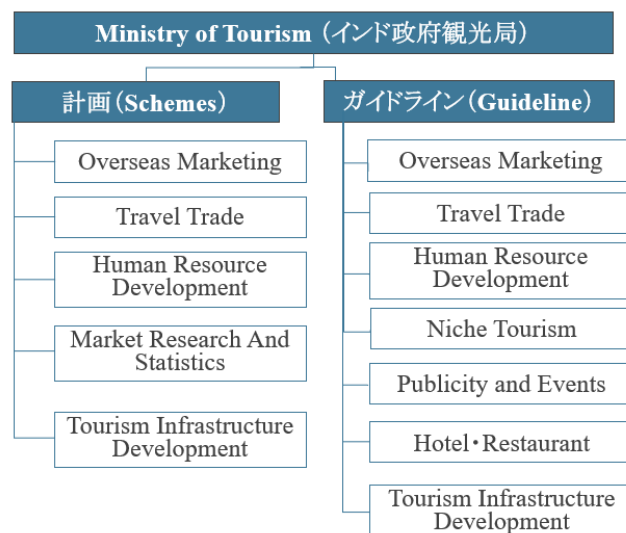
Source : National Tourism Policy 2022

(<https://tourism.gov.in/sites/default/files/2022-09/Draft%20National%20Tourism%20Policy%202022%20Final%20July%202012.pdf>)

Note : As of February 2023, the final draft as of July 12, 2022, is still posted on the Indian Ministry of Tourism website

In addition, the Ministry of Tourism (National Tourism Board of India) has released two types of tourism plans and guidelines, and 14 categories of plans and 47 categories of guidelines have been implemented.

Figure : Government of India’s Statutory Planning System for Tourism



Source : Ministry of Tourism (<https://tourism.gov.in/schemes-and-guidelines/schemes>)

Furthermore, the Ministry of Tourism (National Tourism Board of India) promotes promotion in 3 areas: “Advertisement”, “Out-of-Home Campaign”, and “Brand Ambassador”, and utilizes overseas media and brand ambassadors.

By promoting and disseminating “Incredible India”, it attracting foreign tourists from various countries to visit India and promoting travel to India.

(2) Results of Expert Interviews and Challenges in the Tourism Sector

India’s tourism industry is lacking a national tourism strategy and infrastructure. Challenges include supply is insufficient with the high demand for domestic travel during the pandemic.

Additionally, there also are challenges such as challenges related to the accessibility and connectivity between regions, a shortage of rail and air transport capacity due to the increasing in domestic demand, the necessity to ensure the capacity of road networks to accommodate the increase in personal car travel, the differences in awareness of the importance of tourism among countries.

Also, challenges in developing India's tourism industry are dissemination the importance of tourism to economic, formulation of sustainable and high-quality tourism strategies, human resources shortage, policy coordination in a diverse society, coordination between central and state governments, and another example is the resolution of policy contradictions.

India's transport infrastructure and services need to be able to cope with increasing demands. It is also necessary to establish strategic promotion aimed at domestic and international travelers.

(3) Approaches to Addressing the Challenges

While the Indian tourism industry has a large potential market, it faces a lack of a national tourism strategy, cleanliness and hygiene challenges, a lack of high-end tourism products, and underdeveloped infrastructure. The Indian government is making efforts to implement a flexible tourism policy to address these challenges. India's tourism industry has been growing steadily in recent years, and is expected to further develop in the future with the policy support from the Indian government.

① National strategy lacking

It is necessary to address the issue of the absence of a national tourism strategy. The Indian government should formulate a national tourism strategy at an early stage with the aim of achieving sustainable growth of the tourism industry.

② Cleanliness and hygiene challenges

There are issues with cleanliness and hygiene within India, and measures must be taken to address them. Some people say that measures against the new coronavirus have made significant improvements, but cleanliness and hygiene still need to be improved.

③ Insufficiency of high-end tourism product

The Indian government is focusing on the protection of cultural heritage and the preservation of the natural environment and has implemented initiatives to increase the attractiveness of India as a tourist destination. Measures are required to address the shortage of tourism products. For this reason, it is necessary to

significantly improve infrastructure and create new tourism products.

④ Underdeveloped infrastructure

Although the Indian government has focused on new construction and improvement of infrastructure during the lockdown, reducing travel time between major cities, it is also necessary to handle issues such as improving transportation services, accessibility and connectivity issues continue due to underdeveloped infrastructure.

(4) Future prospects

The Government of India has formulated a National Tourism Strategy and aims for sustainable growth of the tourism industry. In addition to solving hygiene issues, the new strategy will focus on significantly improving infrastructure, developing new travel products, and strengthening tourism promotion through the use of digital technology.

The Indian government is also focusing on protecting cultural heritage and preserving the natural environment in order to increase India's attractiveness as a tourist destination.

India's tourism industry has been seriously affected by the impact of the Corona virus but with policy support from Indian government, it is returning to a sustainable growth path. India is a tourist powerhouse with rich culture, nature, historical heritage, and religious heritage, and as interest in India increases, further development is expected in the future.

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