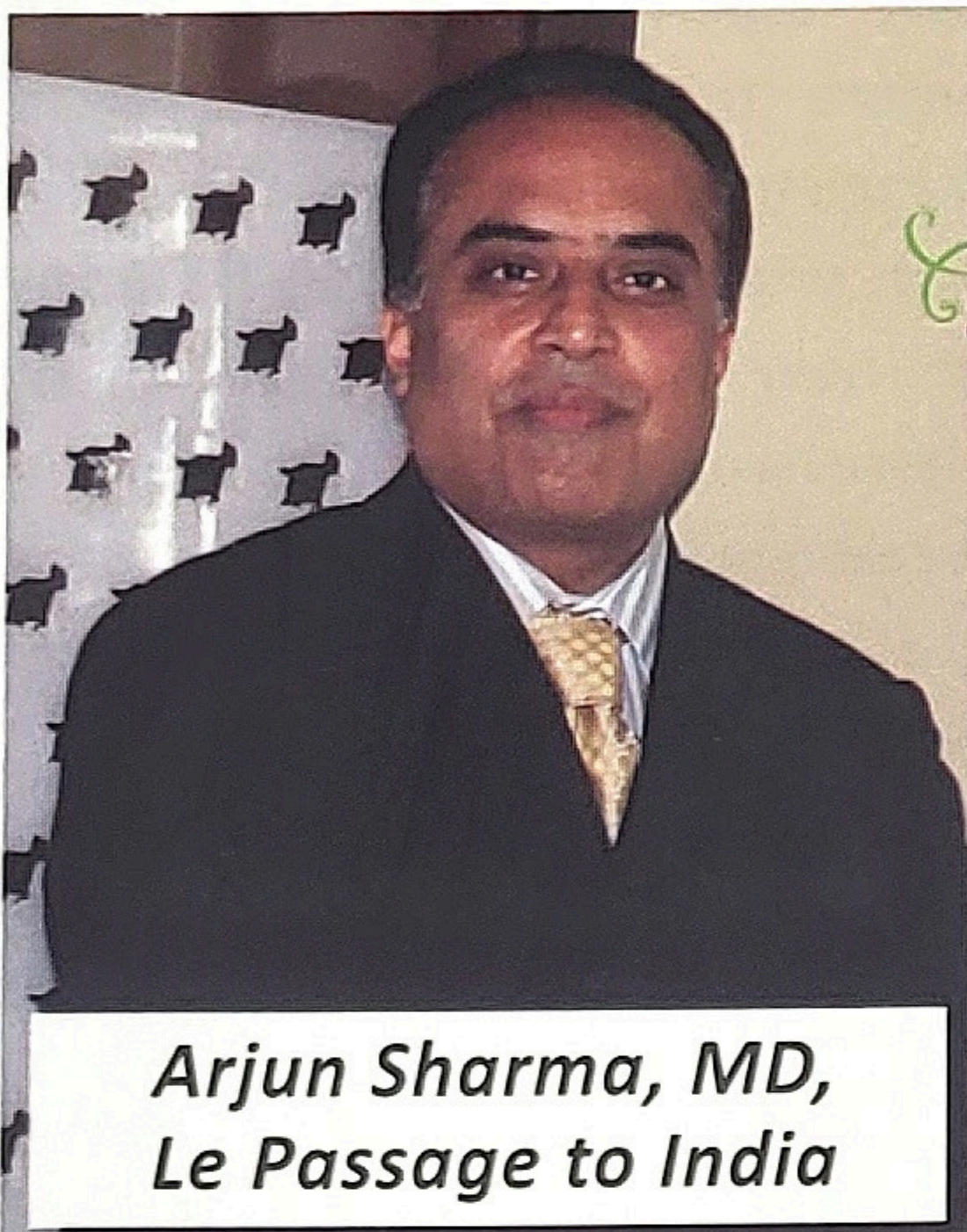


# Is debt crisis a demon worth fearing?

Will the Indian travel industry feel the tremors of S&P's downgrading of the US's credit rating?

Let's read on to find out what some industry players have to say

## Debt crisis impact will be fairly minimised



**Arjun Sharma, MD,  
Le Passage to India**

The recent debt crisis may not have a major impact like in 2008. The forthcoming inbound season is looking fairly stable. However, we need to tread cautiously, especially in some of the volatile markets.

The impact of the debt crisis will be fairly minimised, as India's inbound dependence on these traditional markets is lesser, with countries like Russia, China, Thailand, Malaysia, South Africa, Ukraine, Singapore and Philippines today accounting for a sizeable

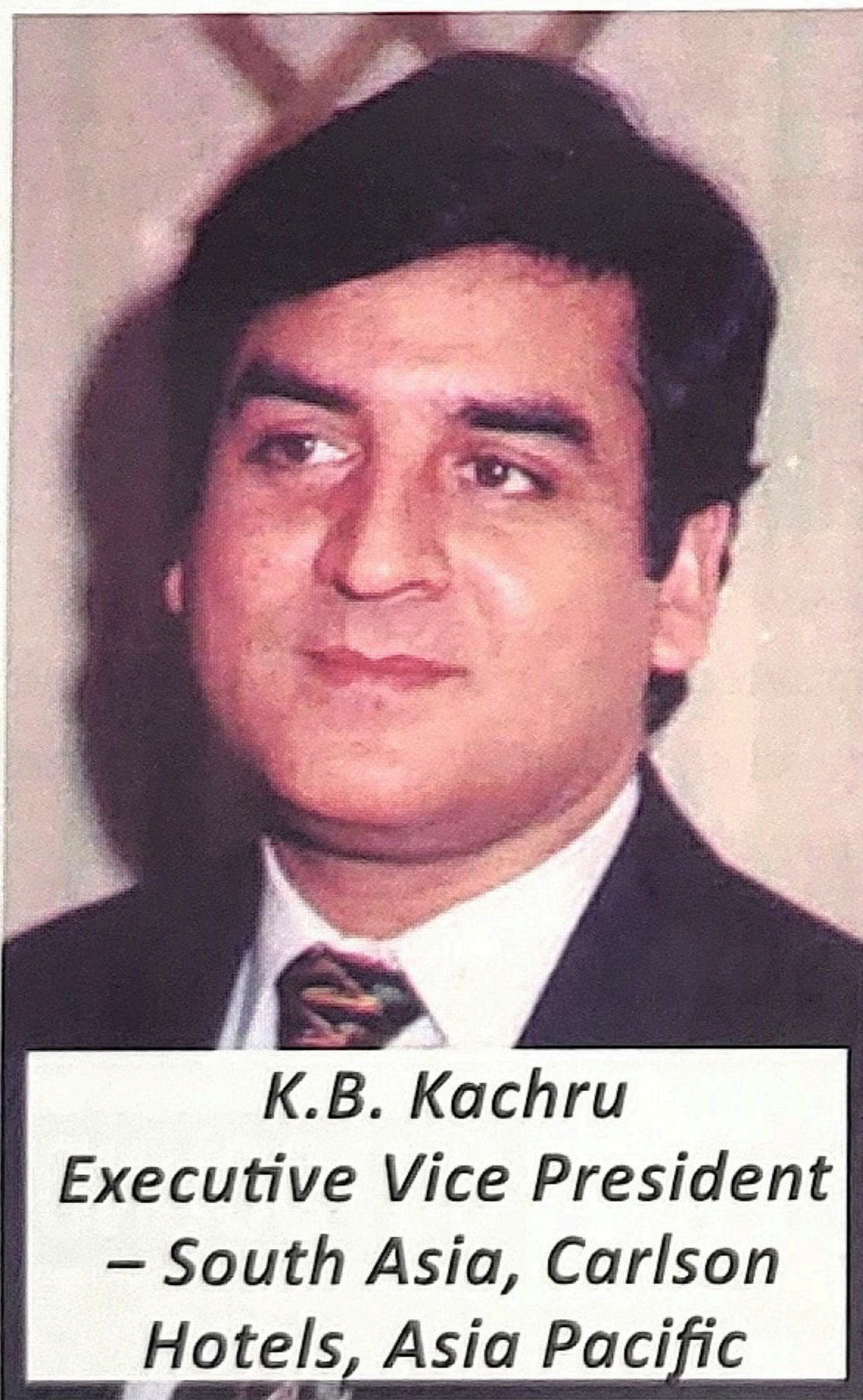
inbound movement into India and one that is surely growing steadily. It would be fair to say that most of the European and American tourist shortfall, should it happen, would probably be offset with the arrivals from these regions.

As for the business travel segment from both the US and Europe, there could be a large drop in this segment and also the trend of decline is a bit more pronounced for luxury and deluxe products. However, the mid-scale products

are still selling well.

Domestic tourism in India is certainly on the upswing, with increased air connectivity through the low cost carriers and the state tourism boards are also focusing quite a bit on marketing to the Indian audiences. This segment is growing steadily and should continue the trend in my opinion. In fact many hotels are receiving higher number of Indian tourists on account of the special packages and wedding functions at destinations.

## There is going to be an impact on inbound tourism this season



**K.B. Kachru  
Executive Vice President  
- South Asia, Carlson  
Hotels, Asia Pacific**

There is definitely going to be an impact on inbound tourism this season, as it was in 2008. The trend is the same. Especially in the case of Europeans coming to India, as they will start taking shorter holidays and prefer to travel within Europe. There could be a dip of at least 8-10 percent in total inbound tourists, especially those coming from the UK, Italy, France and Spain.

The loss, however, will be partly offset by tourists coming from Asian countries such as Korea, the Philippines, Vietnam, Russia and the Middle East.

Usually, foreign tourists visit India during the autumn and winter seasons.

There was an expectation that global economies would see a recovery in 2011. Unfortunately, this is not happening. This could impact the business. Many European countries, including Spain, Italy and Greece, continue to reel under a debt crisis, thereby raising questions over the health of the global economy.

In such a scenario, business travel is likely to be hit more than leisure tourism, industry experts indicate. In 2010, 55.83 lakh foreign tourists

visited India, a growth of 8.1 per cent compared to 2009.

As per tourism ministry data, foreign tourist arrivals (FTAs) during the January-July, 2011 period stood at 34.17 lakh, a growth of 10.8 percent from 30.85 lakh in the same period last year. This year's growth is more than the 8.2 per cent growth clocked during January-July, 2010, vis-a-vis the corresponding period of 2009. This indicates that inbound tourism is improving marginally and we need to focus more on domestic tourism.

## Business travel might feel the pinch



**Salvatore Ianniello, Representative India  
ENIT - Italian State Tourist Board**

In this case though the silver lining is that our nature of business is for travel from India to Italy and since the recession is not really affecting the Indian economy, which in fact is one of the very few that is actually growing, I don't feel there shall be an adverse effect in the number of travellers to

Italy from India.

Since the last few years we have experienced a steady growth rate with a YoY increase of at least 10 percent and we foresee the same in the coming months as well.

Business travel might feel the pinch a bit more than leisure since it is a normal practice

that when times are not as economically well as they should be, business travel is restricted to a bare minimum. But again as I mentioned above our core business is in leisure travel to Italy and that I feel should not really see a drop in numbers as India is a growing market.

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