

TOURISM MEDIA WATCH

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1 Government News

1.1 Budget hotels to promote tourism

Indlaw News, 8 May 2007

The Ministry of Tourism and Culture, Ambika Soni informed the Rajya Sabha that hotels fix their own tariff structure. Room tariffs are reported to be high due to dearth of hotel rooms in some metro cities and important tourist destinations.

In a written reply she said, the Ministry of Tourism has requested State/ UT Government and other land owning agencies like DDA, Ministry of Civil Aviation, Indian Railways etc. to allocate land for building hotels especially in the budget category. The agencies have been directed to follow investor friendly land policies and single window approach for promoting hotel projects and also for allotting sites on revenue sharing basis, granting extra FSI/ FAR for hotels, permitting extra commercial usage in the hotels etc, so that the Budget Hotels are promoted. Further, in order to increase the number of rooms in the budget category, a scheme for approval of Guesthouses and Incredible India Bed & Breakfast establishments has been introduced.

1.2 Tourism department to showcase 105 Himachal villages

Economic Times , 8 May 2007

Rural clusters and villages like Malana (a grassy cannabis-growing hamlet perched high up in the Himalayan ranges of Himachal Pradesh), are being promoted by the ministry of tourism to get more dollars from visiting foreign tourists. So far, the tourism ministry has identified 105 villages, and propelled in Rs 50 lakh worth of infrastructure and Rs 20 lakh for additional capacity building per hamlet.

Kangra district in Himachal Pradesh is a case in point. Village Nauli was the chosen ground where foreign tourists could come and stay with villagers in their hearths. A group of 10-12 odd-jobbers were roped in for the purpose by divisional tourism officer Rakesh Kapur in 2005. Then feedback was taken from tourists on their stay and the positive vibes resulted in six more locations across Kullu district falling under the rural tourism map — Malana, Outer Siraj, Chowai, Khanag, Paneu and Shangar. The local populace is given training, logistics and maps to cater to the tourism surge.

It not just the hills, including Himachal Pradesh and Uttarakhand, which are coming alive with the sound of the rural folk conjuring up ethnic magic for visitors, but the plains are cashing in too.

As the room crunch looms, states such as Rajasthan, Orissa, Karnataka and Kerala are fast realising the potential of rural tourism. Villages in these states are increasingly providing home-stay options to visitors, mostly foreign and the scattered upwardly mobile domestic tourists.

According to Cox & Kings executive director Arup Sen, rural tourism in India attracts about 80 percent foreigners and the rest comprises domestic tourists. In many ways, it's a double-edged sword, wherein the local economy benefits through income and visitors get a reasonably-priced stay in a rural setting, soaking in the true flavour of the place.

Even in terms of a positioning plank, tourism from the villages is carving out its niche. According to Indian Association of Tour Operators (IATO) president Subhash Goyal, rural tourism is a differentiated product, apt for foreigners who have visited India more than once and want to experience something new. Furthermore, on an average, analysts claim that is at least 40-65 percent cheaper to lodge in a village homestay.

Although rural tourism has enormous potential in a country steeped in its traditions, critics such as Himmat Anand of inbound operator Sita Travels object saying that much remains to be done to this effect. Sita Travels alone accounts for 1.5 lakh inbound tourists, yet the share of rural tourism among them is dismal. He added that India has to go a long way in providing adequate infrastructure and proper promotional props to pep this sector up.

1.3 Punjab to become most preferred destination in three years

Punjab News, 8 May 2007

Punjab might be on its way to become the most preferred tourist destination in India within the next three years. This is a dream cherished by Punjab Chief Minister Parkash Singh Badal.

In the first phase, Punjab Government has decided to develop Ropar, Ludhiana and Kapurthala as 'leisure tourism' centres, thereby making optimal use of panoramic beauty on the adjoining banks of river Satluj and Beas passing through these districts. Badal has been discussing future tourism plans with senior officers. He asked the Secretary Tourism to prepare a master plan to develop tourism across these river sites and also explore the possibility to develop Ranjit Sagar dam as a tourist spot. The Chief Minister also discussed the ways and means to promote water sports of rowing, tubes & towables and boating on these sites. Badal said that the sole objective to promote tourism in the state was to contribute to the economy of the state by not only creating enough employment potential for the locals but also help the tourist to get a feel about the culture and history of Punjab and experience the local culture.

Interestingly, his predecessor Captain Amarinder Singh had also promised to make Punjab tourist destination but his government ended selling properties of Punjab Tourism Development Corporation (PTDC). The state capital Chandigarh in the meantime has made a mark in promoting tourism as well the neighbouring Haryana which is successful model of tourism promotion.

Badal also informed that the department of Tourism and Cultural Affairs is to develop the pilgrimage circuit at an estimated cost of Rs 9.20 crore of which Gol share was Rs 8 crore and state's share was Rs 1.20 crore. It would cover Anandpur Sahib, Kirtapur Sahib, Chamkaur Sahib, Fatehgarh Sahib, Talwandi Sabo, Muktsar, Sultanpur Lodhi, Goindwal, Khadoor Sahib, Baba Bakala, Sri Hargobindpur, Dera Baba Nanak, Batala, Amritsar, Rauza Sharif (Fatehgarh Sahib), Devi Talab (Jalabndhar) Batal Church (19th century) in Gurdaspur district. Likewise, Freedom Trail depicting the country's freedom struggle including Nabha, Jaito, Malerkotla, Khatkar Kalan, Feorzepur, Aliwal, Ferozeshah, Misriwala, Mudki, Sabraon and Faridkot town had been envisaged at an total outlay of Rs 9.04 crore out of which Rs 7.84 crore and Rs 1.20 crore was Gol and state share respectively.

The Chief Minister assured the department of Tourism that there would be no constraint of funds for the promotion of tourism and said that he was in constant touch with Centre for seeking early clearance for the expansion of International Airport in Amritsar to further boost the potential of tourism in the state. He appreciated the destination plans of Amritsar, Wagah, Patiala, Kapurthala and Ropar under heritage tourism being developed by the department in a phased manner. The Chief Minister also asked the department to expedite the implementation of the prestigious projects of Amritsar Convention Center, Hotel Institute at Mohali and the launch of luxury train on the pattern of 'Place-on-Wheels' in Rajasthan in partnership of Indian Railway Catering & Tourism Corporation Ltd. (IRCTC).

Talking part in the deliberations, Tourism Minister Hira Singh Gaur said that the state tourism department has chalked out a detailed programme to promote rural tourism and identified village Chat in district Patiala, Chamkaur Sahib in district Ropar, Jayanti Majri in district Mohali and Boothgarh in district Hoshiarpur besides a multi-dimensional complex at village Anhretta (Kurli) in collaboration with Rural Development department.

1.4 Punjab Govt to lease out five tourism properties to private players

Chandigarh Newslines, 7 May 2007

The state government has decided to have a long-term lease arrangement for five of its prime tourism properties in Punjab, including Floating Restaurant in Sirhind, which technically cannot be sold off as part of the disinvestment process. This will mean that these five properties will be leased

out to private players. A meeting in this regard was held under the chairmanship of Punjab Chief Secretary R I Singh this morning.

The Department of Disinvestment has also sought approval of the Cabinet Committee on Disinvestment for the long-term lease arrangement instead of selling. These tourism properties include Floating Restaurant in Sirhind, Water Lily Fast Food Complex, Ropar, Hotel Amaltas, Ludhiana, Tourist Oasis, Ludhiana, and Tourist Complex, Phagwara.

However, the move has kicked up a controversy. Sources allege that the approval sought by the Department of Disinvestment is not tenable as the Cabinet Committee on Disinvestment is not the competent authority to accord approval, besides in the disinvestment manual, there is no provision for any such arrangement. The proposal has to be first approved by the State cabinet.

Interestingly, even without the approval of the state Cabinet, the process to look for potential parties who can take these properties on lease has been initiated, sources say, adding that IL&FS, the consulting company, has been entrusted with the task along with the PIDB, which was asked to pitch in recently.

Despite the controversy, sources say, the long-term lease plan was considered since these five tourism properties could not be sold by the Punjab Tourism Development Corporation. The two properties— in Ludhiana and Phagwara — are with the Forest Department and cannot be sold. The process of selling the remaining two properties, including the Floating Restaurant and Water Lily Complex, cannot be executed since the PTDC does not have the ownership of these properties. PTDC has taken it on lease for 33 years from the Irrigation Department.

1.5 JK Tourism Minister asks the rich to invest in tourism

GreaterKashmir News, 7 May 2007

Jammu and Kashmir Minister for Tourism, PHE and Irrigation, Muhammad Dilawar Mir has called upon the rich of the state to invest in tourism industry in a big way to create standard infrastructure for the tourists. He said tourism is the vital sector of state's economy which needs contribution of the all sections of the society.

Addressing a gathering of hoteliers, houseboat owners and representatives of travel trade and industry after inaugurating newly constructed Hotel Centre Point in private sector, the minister said that the state is bestowed with nature's unbound beauty which needs world class infrastructure to outside the country.

The Minister called upon the people associated with tourist trade to extend their generous hospitality to win hearts and minds of the tourists so that they could be brand ambassadors of Kashmir Tourism in their respective countries. He said in the present era of strong competition, public-private

partnership was of vital importance to create world class tourist's infrastructure in the state adding that the government would provide all possible assistance to the entrepreneurs in this regard.

The Minister called for launching an enthusiastic cleanliness and beautification drive to make various tourist resorts attractive and tourist friendly adding that people in general and those associated with tourist travel trade in particular need to be educated to keep environment neat and clean and do not through waste materials in nallahs and water bodies. He also made a keen appeal to the hoteliers and Dal Dwellers to contribute with social obligation in preserving the world famous Dal Lake which is the identity of Kashmir.

Dwelling on various tourism promotion measures, the Minister said that all required measures have been taken to exploit pilgrim, heritage, adventure, golf and winter tourism in the state which are yielding tangible dividends.

1.6 Maharashtra's Deccan Odyssey get set to woo domestic tourists

The Hindu, 8 May 2007

The Maharashtra Government has announced that it is ready with plans to attract domestic tourists to board Deccan Odyssey, the luxury train which takes the travellers through various facets of tourist attractions of Maharashtra and Goa in seven days.

Suresh Shetty, Maharashtra Minister for Tourism said that as a part of Maharashtra's new tourism policy the State is ready to woo domestic as well as foreign tourists to board the train. He said, a narrow-gauge luxury train with "well-done interiors although not as grand as the Odyssey" will run along the Nagpur-Nagbid-Tadoba route shortly.

The 21-coach luxury train, introduced in 2004, has carried mainly tourists from Europe, USA and the Far East in the past. Mr. Shetty added that the State has a good budget of about Rs 15 crore this year for tourism and it will be used for promoting Maharashtra as an attractive tourist destination.

The new tourism policy unveiled in November 2006 is aimed at promoting "Maharashtra Unlimited" and initiatives have already been undertaken in this direction. The Forest Department was working on an "eco-tourism policy."

The State is also working on a policy to encourage entrepreneurs to invest in tourism. They will be provided tax rebates, single-window clearances and other such benefits. Maharashtra has great potential as a tourist destination, which has remained unexploited. Mr Shetty claimed that the State has better backwaters than Kerala. Maharashtra has also received Rs 250 crore from the Central Government for developing the 740-km long coastline in the State.

1.7 Tourism booms in Tadoba, the tiger heartland

The Times of India, 8 May 2007

Tigers in Tadoba are becoming the tourism industry's attraction, leading to a sudden increase in economic activity. Work on two resorts is already in progress, and several others are proposed to come up in Moharli, a sleepy village on the fringes of the reserve.

This has led to a seven-fold increase in prices of land at Moharli. Sources said three years ago, land rates were around Rs 50,000 per acre. Today, they have shot up to Rs 3.50 lakh per acre. Land prices outside Kolara gate near Tadoba are said to be around Rs 2 lakh per acre. Prices are expected to go up further once these resorts are developed. Many people have evinced keen interest in buying land near TATR (Tadoba-Andhari Tiger Reserve).

There is a substantial increase in the number of visitors following good number of tiger and animal sightings in TATR. At present, there is only one resort of Maharashtra Tourism Development Corporation (MTDC) in Moharli. However, two more resorts are coming up -- one is being set up by Moharli gram panchayat in 3,850 sq metres area.

Vivek Vekhande, a businessman from Chandrapur, is constructing a resort in 44,000 sq ft area. Vekhande, who is also promoter of Society for Wildlife Conservation and Development (SWCD), informed that initially, he plans to construct four suites, a restaurant and a lawn. A 50-bedded dormitory is also proposed. Vekhande added that tourism has good potential in Tadoba with surrounding areas also having beautiful forest and presence of tigers. There is no accommodation facility in Moharli. In Tadoba, residential facilities are always occupied and the only resort of MTDC at Moharli is beyond the reach of common man. It costs something between Rs 800-1100 per day. TATR has suddenly become a hot favourite with tourists. Last year, around 80,000 tourists visited the reserve. Hence, there's a need to create more accommodation and catering facilities for tourists.

The forest department is also not far behind and is going to upgrade its existing facilities and proposes to build a youth hostel in Moharli in a 1.5-acre land at an estimated cost of Rs 20 lakh. It will basically be a dormitory with 30 beds. There are plans to construct 10 log huts during 2007-08. An amount of Rs 3 crore has already been sanctioned for the project. Each log hut will cost around Rs 30 lakh to build. Three such huts will come up at Moharli, Kolsa and Tadoba ranges each.

Meanwhile, a section of NGOs and tourists said such projects should link tigers to a wider constituency and build conservation support for it. It can bring monetary gains and employment benefits to the local people.

1.8 Centre sanctions over Rs 3 crore grant for Saurashtra tourist circuit

Ahmedabad Newslines, 8 May 2007

In an attempt to boost tourism in the Saurashtra region, the Central Government has announced a tourist circuit linking Junagadh, Sasan, Somnath, Porbandar and Dwarka. The Union Government has sanctioned a Rs 3.29 crore grant for the purpose of which Rs 2.64 crore has already been allotted to TCGL.

According to official sources, of the total Rs 3.29 crore, Rs 54.57 lakh has been allotted for Junagadh, Rs 37.80 lakh for Sasan, Rs 48.59 lakh for Somnath, Rs 54.34 lakh for Porbandar and Rs 48.59 lakh for Dwarka. Rs 86.67 lakh has been sanctioned for the development of roads and making provision for facilities along the circuit route.

Pradeep Khimani, former director of State Tourism Department, said that the announcement of the tourist circuit and allotment of funds will not only help boost tourism but would also be a fillip to the economy what with tourist flow to the area growing at the rate of 20 per cent a year.

With more than 100 archaeological monuments, temples and buildings, Junagadh has a lot of historical value. Sasan, the lone abode of the Asiatic lion, is world famous and so are Somnath and Dwarka. Porbandar being Mahatma Gandhi's birthplace, too, has historical value.

1.9 Tamil Nadu government plans sculptor's park at Mamallapuram

The Hindu, 8 May 2007

Tourism Minister N. Suresh Rajan announced that the Government will establish a sculptors' park at Poonjeri village in Kancheepuram district for artisans of tsunami-hit areas at a cost of Rs 10 crore. Presenting the demand for grants for his department, he said the main objective was to exhibit the art of the sculptors and organise sale of their products. The facility would accommodate around 125 work teams, each consisting of nearly 10 members affected by the tsunami.

Facilities would include workshops for each team, separate entries for bringing materials into the workshops and common workshop facilities, he said, adding that the park would have additional recreation facilities to attract tourists, boost sale of products and educate them on the history of stone architecture. The number of tourists visiting Mamallapuram had risen from 7,60,268 in 2001 to 12,61,575 in 2006.

To facilitate people visiting tourist spots in Chennai, the Government had decided to introduce 'hop on and hop off tour' in the city in cooperation with the State Transport Corporation, Mr. Suresh Rajan said. Under this special scheme, the tourists could board the bus at any location and get off the vehicle at any stop convenient for seeing tourist attractions without a fixed time schedule.

The Tourism Department of the Centre has approved 29 hotel projects in the State. The demand for Chennai alone is projected to be around additional 4,000 rooms to handle the volume of growth till 2010, he said.

The Government would earmark Rs 45 lakh to provide a facelift to the boathouse at Muttukadu. In view of the overwhelming response from tourists for renovated cottages at Mamallapuram, it had been proposed to renovate 20 economy cottages and construct 20 additional ones at an estimated cost of Rs 200 lakh. One more Volvo coach would be purchased at an estimated cost of Rs 62 lakh.

Projects for enhancing basic infrastructure at Grand Anaicut, Kovai Kutralam and Pillayarpathi at a total cost of Rs 2.15 crore were among the new announcements. Short films on the 'Navagraha temples' and six abodes of Lord Muruga would be produced to attract tourists from Malaysia, South Africa and Mauritius.

1.10 UP fails to use up centre's tourism promotion funds

Zee News, 4 May 2007

Uttar Pradesh has failed to utilise the central funds allocated for development and promotion of tourism in the state. Tourism Minister Ambika Soni revealed that the Centre had earmarked funds for the development of some of the important tourism sites, including Taj Mahal for which the government gave Rs 50 crore, but the state government has not been able to spend the money.

The Ministry of Tourism has adopted a strategy to position tourism as a major engine of economic growth and planned creation of world-class tourist infrastructure during the 11th plan. In the 2007-08 budget, the centre has assigned Rs 953 crore for tourism promotion but the planning commission is yet to allocate the fund to the ministry.

1.11 Haryana Tourism Department sees record revenues

Economic Times, 3 May 2007

Haryana government has announced that the state Tourism Department has seen record revenues of Rs 172 crore during the last financial year.

Haryana Tourism Minister Kiran Chaudhary said that the department was also planning to convert tourist complexes as venues for theme parties and adventure camping. The minister said the turnover had showed a net increase of 12 per cent as compared to last year. She said, it was an astounding achievement as the Department was once running into losses consecutively from the year 1996 to 2001. Operational profit of Department has also doubled at Rs 3 crore, compared to

2004-05. There was an increase of 76 percent in occupancy in the complexes, which was highest during the past one decade, because the Department was competing well vis-à-vis its counterparts in private sector.

2 Industry News

2.1 5-star hotels considering dollar tariff hike

Daily News and Analysis , 9 May 2007

Five star hotels, where 65 percent of revenues accrue in foreign currency, are already considering a September dollar tariff hike, to tide over lower earnings from an appreciating rupee. As of now, the currency has not yet stabilised to warrant a definite direction from the hotel industry. But, in about three months time, when the players discuss revision of tariffs — which will come into effect from September - the weakening dollar will definitely become a topic of discussion and influence the way the dollar rate card moves. Tariffs, in general, are hiked by 15-25 percent annually.

According to Manbeer Choudhary, president, Federation of Hotels & Restaurants Association of India (FHRAI), the dollar rates have remained unaffected but whenever customers have come to the desk for currency exchange, obviously they have been given the benefits.

Underlying the volatility in the dollar versus the rupee, Choudhary added that the industry reacts only when the currency stabilises at a level - high or low - for three months.

ITC Hotels, which follows dual currency, is adopting a wait-and watch policy for the next couple of months. Leela Group's Sanjoy Pasricha, vice president, sales and marketing Leela Palaces and Resorts admitted that revenues will take a hit, though by how much it is difficult to tell at this juncture said Sanjoy Pasricha. They are sceptical of keeping the rates very high and outpricing themselves from the market.

However, hotels can be upbeat on one aspect. Imports of liquor and wines by five star hotel restaurants have got cheaper. Choudhary of FHRAI said that liquor imports have got cheaper by as much as 27 percent from April 20 onwards, due to a lowering of excise and customs duties.

Deepak Haksar, vice-president, ITC Hotels said that duty free stocks will get cheaper, but it is too early to say by how much because they have already bought stocks about three months in advance.

2.2 Business class travel grows 40 percent

The Times of India News, 7 May 2007 ; Business Today 6 May 2007

These days it is easier to get an Economy class ticket but getting a Business class one is not so. Most of the domestic airlines are recording 30 - 40 percent increase in business class bookings.

Manoj Chacko, GM – global sales in Kingfisher Airlines, said that Kingfisher First has seen enormous growth, with the business class seat occupancy growing at the rate of 30 percent on a month on month basis.

The Delhi-Mumbai route on Kingfisher's Airbus A321 aircraft has over 200 seats (32 seats per flight, 7 flights a day), a round trip costs on an average Rs 28,000. Mr. Chacko revealed that the seat occupancy on this sector is between 70 percent and 80 percent. According to an industry source, till two years back, the business class on most airlines would see barely a few passengers, even as the economy class went full to capacity.

Coimbatore based Paramount Airways, which offers business class travel at rates lower than other airlines on select routes like Chennai-Bangalore and Coimbatore-Hyderabad, offers 11 first class seats. Mr. Thiagarajan, Managing Director, Paramount Airways, said that the average first class has a seat occupancy of around 70 percent and that number is growing.

According to him, the demand for business class travel has increased such that the company now operates four flights daily between Chennai-Madurai and Chennai-Coimbatore, which to start with had only one flight operating. Paramount has five Embraer aircrafts, two of them are Embraer 170 jets, each with 70 seats, all of them business class. The other three are Embraer 175s, with 75 seats, 11 of them first class and 64 business class. They claim to be India's only by- and -large business class airline, which throws in luxuries like four course meals, LCD monitors and valet services.

Even, Indian has recorded a growth of 20-40 percent in its business class travel, according to company officials. It is difficult to get a business class ticket especially on morning and evening flights, between any of the metros. Kingfisher's Chacko added that as most business meetings happen in the afternoon, people fly in the morning and fly out in the evening or night.

According to one expert, the demand for luxury travel is encouraging some airlines to consider introducing a first class as seen on international flights. He further stated that there is an apparent shift in trends. Today they are looking at a certain segment, which is looking at owning private jets. This is the kind of luxury that people like to indulge in while travelling.

2.3 CII survey finds growth of tourism in Puducherry impressive

The Hindu, 8 May 2007

A CII survey conducted to analyse performance of top five sectors of Southern States, has revealed that tourism grew impressively in Puducherry between October 2006 and March 2007. According to a bi-annual Industry Monitor Survey of the Confederation of Indian Industry (CII), Southern Region, the revenue has gone up by 10 to 15 per cent in the tourism sector during the period.

The survey also aimed at providing an outlook for the first six months of 2007-2008 fiscal year commencing from April. Tourist inflow has witnessed nearly 30 per cent increase. Foreign exchange earnings increased by 10 percent. The occupancy rate had also risen during the period by 15 percent. Employment grew by 20 percent in the tourism sector.

2.4 Domestic tourists frequenting Goa

Economic Times, 8 May 2007

The USD 900 m tourism industry of Goa which has been supported by the charter segment to a large extent, is now seeing a surge in domestic numbers. The latest Goa economic survey figures are indicating a quantum drop in the charter segment (down almost 50 percent) from a year ago, but the state hoteliers continue to be ebullient. Domestic tourists (mostly corporate executives) have begun to frequent Goa.

Neeraj Chadha, GM, Goa Marriott admitted that there has been a change in the profile of the Indian tourist visiting Goa. The visitor is increasingly getting more discerning and affluent with an increasing propensity to spend. Domestic tourists thus tend to come in for shorter breaks (typically 2-3 days/weekends) as opposed to charter tourists who spend a fortnight. Thus Goa gets domestic tourists not only for summer packages but also in winter season when rates are at their peak.

The scorching summer hardly seems to deter tourist arrivals and the concept of off-season is fast disappearing. The Government has also now rationalised luxury tax structures to a fixed rate unlike earlier when rates differed for peak and lean tourist period.

Tax rates have been fixed at 10 percent (five star resorts), 8 percent (mid-segment /budget hotels such as Lemon Tree / Taj's Ginger brand) and 5 percent (smaller hotels). Thus despite the drop in number of tourists, the state is still getting more revenue from tourism.

Luxury tax collections from hotels have increased by 37 percent to Rs 41 crore for the last fiscal despite a drop by over one lakh in the total number of tourists visiting Goa.

Hoteliers expect domestic tourism to continue its growth story due to better connectivity, better infrastructure and a growing economy. The country's only offshore casino is also a major draw in pulling in tourists. Five more casinos are expected to be added.

2.5 Hotels to join in a 'Responsible Tourism' initiative

Newindpress News, 9 May 2007

The 'Responsible Tourism' experiment at Kovalam (Kerala) has pulled off its first major breakthrough. 22 hotels in the five, four and three-star categories at Kovalam have signed an MoU

with the Tourism Department to be part of the Responsible Tourism Movement (RTM). Major hotels that joined the RTM include Leela Kovalam, Poovar Island Resort, Somatheeram, Samudra, Uday Samudra, Seaface and Searock.

The MoU was signed at the first meeting of the committee constituted to oversee the implementation of Responsible Tourism at Kovalam and nearby areas held at the Government Guest House at Kovalam. The representatives of the hotels offered to source raw materials such as fish, vegetables and chicken required for the hotels from the local community even if the prices were slightly higher than the normal market price.

High income and employment benefits for the local population are the underlying principles behind the move. However, the representatives of the hotels wanted the local bodies and organisations such as the Kudumbasree to ensure quality standards and timely delivery of the raw and processed materials. Taj Green Cove Resort was one of the major resorts that was initially reluctant to sign the MoU. One of the chief reasons was that for the Taj Group raw material-sourcing was a centralised process and not destination-specific.

As a first step, the Tourism Department will conduct a survey of the raw material demands of the hotels in the area. After the needs are listed, they will be discussed with the local bodies and Kudumbasree units that are responsible for organising the supply of materials.

Industry representatives promised that they would never allow encroachment that would harm the beauty and balance of the beach destination. The discussion on environment responsibility was mainly centred on the best waste management practices. It was felt that the internationally-feted Zero Waste Kovalam project should be adopted as a model for the entire area. Over 120 people, including representatives from the hospitality industry, local bodies, NGOs, bureaucrats and academicians, participated in the meeting.

2.6 First North East India Tourism Festival begins

Economic Times , 4 May 2007

A five-day cultural festival was conducted in Agartala, with the north-east states taking part in the carnival aimed at promoting tourism in the region. Tripura Chief Minister Manik Sarkar inaugurated the Northeast India Tourism Festival where a number of leading tour operators, officials of the union tourism ministry and the eight northeastern states, including Sikkim, participated. West Bengal Tourism Minister Manabendra Mukherjee was also present at the inaugural function.

Various cultural troupes from the region are taking part in the event. The northeast, including Sikkim, is a region endowed with diverse tourist attractions having its own distinct features. The festival, sponsored by the union tourism ministry, would hold a series of seminars, besides cultural and traditional fashion shows. The central government has taken a keen interest in the development of tourism infrastructure in the northeast said another official.

The promotional pamphlet advertised about the Himalayan range of Arunachal Pradesh with its snow-capped mountains, the world's highest rainfall region of Sohra (Cherrapunjee) in Meghalaya, the one-horned rhino at Kaziranga and Manas, the unique phenomenon of birds committing suicide in the Jatinga hills are some of the diverse attractions for nature lovers.

2.7 Domestic travellers are set to swell to 500 million in 2007

Economic Times, 6 May 2007

Domestic travellers are to reach 500 million in 2007, an 18 percent increase compared to the 425 million (for 2006). In 2004, the corresponding figure was 368 million. Foreign tourist arrivals in 2007 are expected to touch the 6 million mark in 2007.

Hill stations across the country in states such as J & K, Himachal Pradesh, Uttaranchal, Rajasthan, Tamil Nadu account for over 50 percent of the domestic tourists. New initiatives and aggressive marketing adopted by these states could be possible reasons for this growth.

Anil Rai, senior GM, Holidays of India, SOTC, explained the trend. The domestic tourism industry is growing at a pace of more than 20-25 percent every year and this trend is expected to continue for the next five years. The summer months are recording a big rush of domestic travellers to northern India and North-East hill states and the response has been quiet encouraging in all segments of travellers. Even domestic airlines are recording good volumes.

There is also an economic trigger for the growth in domestic travellers. The middle class is growing by almost 30 million every year and so is the rising disposable income. As a result, travel has fast become a part of the modern lifestyle. In the last couple of years, more people are preferring the domestic sector, especially hill stations. Rajji Rai, vice president, Travel Agent Association of India (TAAI), said that members have been requesting to promote small hill destinations so that they can market them better. Indeed, hill station tourism never had it so good.

Himachal Pradesh, which is considered as the Switzerland of India, is all set to meet the summer rush. Tourist arrivals in the state have registered a phenomenal growth over the last few years and keeping this in view, the state government has been trying to disperse the peak season tourists to lesser known destinations such as Fagu, Chindi, Sarahan and others.

The tourist arrivals have seen a growth rate of 15-20 percent, while the occupancy of all Himachal Pradesh Tourism Development Corporation (HPTDC) hotels witnessed an increase of 8-10 percent in 2006 —the highest in its history. At least 70 percent of the rooms in HPTDC hotels in popular destinations such as Shimla, Manali and Dalhousie were booked in advance for May to July. In Dharamsala, the advance booking for these months was between 85 and 90 percent. The projected growth rate for tourist arrivals in the current year is 20-25 percent.

Tarun Shridhar, MD, HPTDC said that the growth numbers reveal the rush they will face this summer. However, going by the growth numbers, the state budget for promotion and publicity seems to be too less at Rs 2 crore.

Uttaranchal attracted over 19,454,717 tourists in 2006 (of which 96,264 were foreigners) and is expected to set a new record for tourist arrivals this year. Adventure tourism is the biggest draw for the state — 55 percent of domestic and 80 percent of foreign adventure seekers landed here in 2006. The next big crowd puller is the pilgrim tourism. In fact, there has been a consistent rise in the number of pilgrims visiting the Char Dhams over the past few years with 2006 seeing an almost 20 percent rise over the figure of 2005. As many as 16,75,500 tourists visited the Char Dhams (Gangotri, Yamunotri, Badrinath & Kedarnath) in 2006 in comparison to 13,41,300 pilgrims, who undertook the pilgrimage in 2005. The board is expecting that the number of pilgrims will again increase by over 20 percent.

2.8 Indian states display their tourism potential in Dubai

The Hindu, 2 May 2007

Nine Indian states and 24 tour operators are participating in the four-day Arabian Travel Market 2007 in Dubai, to showcase India's potential as one of the booming tourism locations.

The States taking part include Kerala, Delhi, Jammu and Kashmir, Goa, Uttarakand, Assam, Uttar Pradesh and Madhya Pradesh. The Tourism Ministry of Kerala, Uttarakand, Assam and Jammu and Kashmir would lead their respective delegations, Indian Consul-General Venu Rajamony said.

Arabian Travel Market 2007 the Middle East's premier travel and tourism show has 2,600 exhibitors from 64 nations, marking a 24 per cent increase from last year, said Tom Nutley, chairman of the event organiser Reed Travel Exhibitions.

The outbound potential of the Middle East, particularly the Gulf, which embraces countries with some of the world's highest per capita income, continues unabated and competition for the region's traveller is becoming very intense. Dubai's Department of Tourism and Commerce Marketing, under whose aegis the show is being organised, said the event was significant to Dubai as it comes at a time when the country's tourism sector was booming.

DTMC Director (Operations and Marketing Division) Mohammed Khamis bin Hareb said that tourism is the country's strong economic sector and the Dubai Strategic Plan 2015 places it among the six 'building blocks' for future growth.

The total revenues of Dubai's hotel industry increased by 22.8 per cent to cross the AED 11-billion mark in 2006, with an all-time high 6.5 million guests staying in the country's 414 hotels and hotel apartments.

2.9 Tourism rides the investment growth wave in Orissa

The Financial Express, 30 April 2007

In addition to the industrial investment pouring into Orissa, tourists, too, are arriving in droves due to the improved air-connectivity and infrastructure. The state witnessed a 13.13 percent jump in tourist arrivals in 2006. During the year, about 52.79 lakh tourists visited the state—52.39 lakh domestic and 39,141 foreign. Orissa reported a 17.51 percent rise in foreign tourist arrivals in 2006.

The nearly Rs 5 lakh-crore investment promises have put Orissa on the international tourism map too. According to Biranchi Mishra, a senior official at the state tourism directorate, the air-connectivity, which was a major bottleneck in the growth of tourism improved significantly in 2006 as a direct outcome of industrial activities.

Mishra's observations originate from the fact that in 2006, Orissa received the highest number of Korean tourists, among other foreign visitors. With 5,358 visitors, Koreans made up 13.69 percent of the total inbound traffic. From 654 travelers from South Korea in 2004, the traffic swelled to 2,400 in 2005 and peaked 5,358 in 2006. The Koreans were followed by visitors from the United Kingdom, which accounted for 12.9 percent of the total tourists during the year. Other countries from where travellers are visiting are the United States, France, Japan, Italy, Germany, Australia and the Netherlands.

However, there was a marginal drop in tourist flow from Japan and China during 2006. Tourism department officials say the slump is temporary. They are, however, quite upbeat about the fact that tourists from France, Germany, and Italy were visiting the state.

As far as domestic tourism is concerned, West Bengal continued to be the major tourist generating state for Orissa. The inflow from Bengal stood at 10.24 lakh, about 19.56 percent of the total domestic tourist inflow in 2006. Andhra was second, but way behind with only 2.02 lakh visitors. With 1.54 lakh visitors, Maharastra was next. The other tourist-generating states are Jharkhand, Chhattisgarh and UP, from where over a lakh each visit Orissa.

Puri district attracted the most visitors. Puri town itself recorded 17.59 lakh domestic visitors and 14,627 foreign ones. Places like Satapada, Biswanath Hill, Kakatpur and Astaranga were the most visited.

2.10 Valley hoteliers protest against FDI in tourism in Jammu Kashmir

Greater Kashmir, 27 April 2007

The Kashmir Hotel and Restaurant Association has stated that the local entrepreneurs were capable enough to develop tourism infrastructure in the state. They pleaded that they be given a chance to participate in the 'process of initiatives' to be taken in the area of tourism infrastructure development in the state.

Ridiculing JKTDC for seeking introduction of foreign investors through joint ventures for development of tourism infrastructure in Kashmir, the association said the government had acknowledged that the local entrepreneurs are quite capable to do the same and was committed to support them in this behalf.

Maintaining that the local entrepreneurs have contributed a lot to the state tourism by way of creating accommodation infrastructure from early 1970s, the statement said the local investors had come up with bulk of investments at present to bring in new luxury class hotels.

Taking strong exception to a statement by managing director J&K Tourism Development Corporation, the statement said the KHARA was of strong opinion that there was no need of involving outside investors in the tourism and hospitality industry in Kashmir.

"Despite that the JKTDC units are occupying prime locations in the state, the performance of the corporation has remained off the mark," the statement said adding that the corporation had "introduced very unhealthy competition in the tourism and hospitality industry which has badly impacted the business of local hoteliers."

Maintaining that the properties held by the JKTDC without paying any rent to the government was a loss to the state exchequer, the association has appealed to the government to charge rent from the JKTDC for these properties. While terming the "government-sponsored" food festivals organised by the corporation outside the state and abroad as "sheer wastage of government funds," the association said the travel trade fraternity should be given opportunity for launching tourism promotional programmes in Middle East and European countries.

"Tourism players have already strong business ties with people in different parts of the world and the tourism promotional programmes by them would be more meaningful and result-oriented," the statement said.

"The massive promotional programmes throughout the country during the winter 2006 jointly by tourism department and tourism fraternity achieved excellent results," the spokesman said adding that the process was initiated in view of some unpleasant incidents with tourists in Kashmir last year that had badly affected the tourists arrivals.

2.11 No room for error: plenty of scepticism on ministry's estimate

Livemint.com, 7 May 2007

Industry and analysts believe that the tourism ministry has overestimated the demand for hotel rooms. Addressing a crowd of potential non-resident Indian hotel investors in February, Himmat Anand, the co-chair of the tourism committee of the Federation of Indian Chambers of Commerce and Industry, offered an overview of what they can expect in the Indian hotel market. But Anand said he has no idea how the ministry of tourism determined that India needs 1.5 lakh more hotel rooms by 2010.

That should irk the ministry officials responsible for churning out the numbers. M.N. Javed, deputy director general at the ministry of tourism, staunchly defends the ministry's estimate and how it has arrived at it saying that they are professionally equipped and that no one could question the assessment of the ministry.

All government officials related to the tourism ministry have been touting the number that the ministry came up with in December 2006 as a reason to create more hotels, promote conversion of residences to homestays, and offer tax breaks to hoteliers.

While most analysts and industry experts agree on a current room shortage in the country, both the ministry's number and the lack of transparency in disclosing the methodology have left them puzzled.

Binaifer Jehani, an analyst with credit ratings and research firm Crisil Ltd too admitted that the ministry's figure seems to be really on the higher side. She tracked hotel room supply and demand, but only in the premium segment, in 12 major Indian hospitality markets from April 2004 to March 2007, and has just switched to covering hospitals.

The 1.5 lakh number has found its way into posterity. It is used in answers to Parliament questions, in public statements by the ministry, and may have helped stoke a recent income-tax break for newly constructed two-, three- and four-star hotels in the Delhi area.

Still, Javed declined to specify the formula the ministry used to calculate the estimated shortage. However, he said that the ministry's calculation is based on estimates of supply, demand and projected demand. And the ministry officials' sources are their numerous interactions with hoteliers, airlines, tour operators and state governments, with some data thrown in. He wouldn't say how much. The data comes from both the government's own numbers and industry bodies such as the Federation of Hotel and Restaurant Associations of India (FHRAI).

FHRAI conducts an annual survey of the Indian hotel market, from which it generates its data. The most recent report, conducted in collaboration with hospitality consultant HVS International, relied on responses from 1,151 member hotels in 19 cities. It estimates the shortage at 20,000, lower than the government's figure.

The ministry also takes into account "certain trends," said Javed, such as price increases for rooms, higher occupancy levels and expected growth in visits by foreign tourists. For example, there was a 13 percent increase in arrivals from abroad in fiscal 2007 from a year ago, according to the ministry.

Contrast this with the methodology employed by Crisil, even though it collates data for a more niche segment and for a smaller universe. It says it relies on hard data directly from hoteliers in premium segments, on the number of incoming projects and direct evidence from visiting project sites in cities such as Pune. That, in turn, is used to determine the supply, demand and projected demand in the markets that they track. For example, Jehani said the supply of rooms in the 10 cities and tourist hotspots Goa and Kerala will be 41,600 by 2010-11, at an estimated occupancy rate of 73 percent. On that basis, she estimated demand for rooms in fiscal 2011 at about 30,400. Without looking at the budget segment in the same depth, said Jehani, it would be impossible to provide a countrywide figure for a room shortage as the ministry has done.

Javed says for its estimate, the ministry did not conduct a survey, but arrived at "an assessment" based on its day-to-day interactions. Among the biggest gaps in the ministry's methodology is that it does not include an unknown number of rooms in the unorganized hospitality sector in existing supply estimates. It is, though, pushing for greater regularization of guesthouses and other such facilities in this sector that consumers use, which would allow it to create more accurate shortage estimates.

The ministry is responding to the concern in the industry and among analysts that its figure may be unreliable. Javed said that the ministry is contracting with a private organisation to conduct a more thorough study of the hospitality markets of 100 cities. He likened the effort to conducting an exit poll to determine the winner of an election.

Jehani agrees that it makes more sense to look at the markets of individual cities such as Delhi, Mumbai and important state markets such as Goa and Kerala than to offer a blanket number for the whole country.

Hotelier Anthony South takes criticism of the ministry's estimate with a grain of salt, though. The challenge at any time with those sorts of projections is the difficulty of forecasting future supply and demand according to the senior vice-president of development and asset management at InterContinental Hotels Group Plc. South said his company does not maintain an India-wide estimate for expected room shortage, but looks at it market by market.

However, some analysts have even gone so far as to say that the room shortage will be gone by 2010-11 because of incoming supply and demand. Pratik Dalal of Emkay Share and Stock Brokers

Ltd, said that on an overall basis, this may not be as big a concern as it is today citing an increase of 60,000-1 lakh new rooms coming into the country.

3 Investment News

3.1 Southern hospitality group eyes Calcutta hotel market

The Telegraph News, 26 April 2007

With upcountry real estate majors like Unitech and DLF making their presence felt in the city with mega projects, a southern family of first-generation hoteliers is planning an entry into boomtown Calcutta.

The Chancery Hotels group ventured into the hospitality industry 13 years ago with a vegetarian hotel, Siddharth, in Mysore, and now has The Chancery Pavilion, a five-star business hotel in the heart of Bangalore's CBD. It wants to join the Calcutta party.

Taposh Chakraborty, president, The Chancery Hotels group revealed that they were planning to partner with a local partner who has land. They would prefer New Town Rajarhat or Sector V as the site, with the Bypass as an alternative.

The Chancery Group is also keen on creating an "international-standard" golf course in Siliguri, dotted with golf villas, a model proposed to be replicated on the fringes of Calcutta. Company officials have met state urban development minister Asok Bhattacharya and tourism secretary G.D. Gautama recently to discuss the proposal. Chakraborty, who left Calcutta in 1976 to carve out a niche in the hospitality trade, now shapes The Chancery's growth plans. He is also driving the group's eastward foray.

The proposed city business hotel is being formatted as the "preferred address for the one-minute manager" with 24-hour check-in/out, business services, travel desk, restaurant and laundry, a health club and multi-station, all-day dining.

It will be modelled on the lines of The Chancery Pavilion in Bangalore, conceptualised by K. Chengamma Raju, chairman, and K.C. Chandrashekhar Raju, managing director. Puri and the Sunderbans also feature on the hotel chain's expansion map in the east. The Chancery Group hopes to invest around Rs 240 crore in seven hotels across the country in the next five years.

3.2 Sarovar Hotels eyes serviced apartment market

Economic Times, 3 May 2007

Mumbai-based multi-brand hospitality chain Sarovar Hotels is looking at entering the serviced apartments market through the management contract route.

The company is in talks with real estate players for operating serviced apartments in Bangalore, Chennai and Gurgaon. Currently, the plans are in the evaluation stage but they are definitely entering the serviced apartments segment as soon as they get a good deal.

Ajay Bakaya, ED of Sarovar Hotels, said that they could operate these serviced apartments under any of their four brands, excluding Hometel. And the room rents would be on par with a three star hotel accommodation. Apart from its budget hotel brand Hometel, Sarovar manages properties under Premier, Portico, Park Inn and Park Plaza brands.

In the south, Bangalore, Hyderabad and Chennai are major markets for serviced apartments. Similarly, many serviced apartments are coming up in Gurgaon and Noida due to increasing demand from MNCs. Though there is no data available to estimate the growth of serviced apartments market in India, the action in this space is heating up with entry of international hospitality majors like Hilton International and Ascott.

Currently, hospitality majors like the Taj and Grand Hyatt operate upscale serviced apartments in Mumbai. Bangalore-based Royal Orchid, which operates a serviced apartment in the city, plans to launch another one in Pune. Real estate groups like Raheja and Brigade also have a presence in this segment.

Meanwhile Sarovar Hotels plans to set up seven Hometels' across Chennai, Hyderabad, Mumbai, Baddi (Himachal Pradesh) and Chandigarh with an investment of over Rs 300 crore.

4 Alliances News

4.1 US hospitality group acquires 26 percent in JV with Unitech

Domain-b News, 5 May 2007

US hospitality group Carlson is to acquire a 26 percent stake in a fresh venture with the Unitech group for introducing the Regent hospitality brand in India. Carlson will acquire the stake with a nominal investment of Rs 2.6 crore in the paid-up capital of the joint venture company - Elbrus Builders. This amount will be used for the working capital of the project. Currently, the Unitech group

companies holds 100 percent stake, including 34 per cent equity holding through Unitech Hospitality, a wholly-owned subsidiary of the group's listed arm, Unitech Ltd.

Elbrus had in the past got an approval from the Noida Authority to develop a five-star hotel project in the city. The joint venture would develop the luxury hotel property located at Greater Noida with an estimated investment of Rs 450 crore. Carlson has global operations under brands like Radisson, Park Plaza, Park Inn, Country Inns & Suites apart from Regent, this would be the first such equity venture in the country.

Carlson would receive a one-time total initial fee of USD 100,000, a base management fee of 2.2 percent of the hotel's turnover, incentive management fee of 7 percent of the hotel's gross operating profit, marketing contribution of 1.5 percent of hotel's total revenue. This apart, it would get 1 per cent of hotel's gross room revenue as reservation charge and USD 8,000 per month plus reimbursement expenses for hotel development services fee in addition to third-party reservation charges.

5 Business News

5.1 Tata Tea to make a foray into tea tourism

Economic Times , 28 April 2007

After a series of acquisitions in the international beverages space, Tata Tea is entering tea tourism in its estates of Assam and West Bengal. This initiative will be routed through Amalgamated Plantations Pvt Ltd (APPL), the brand new entity formed by Tata Tea to transfer the assets of its North Indian Plantation Operations (NIPO).

The APPL also plans to enter into alternative farming to become an 'agricultural product solutions provider'. Tata Tea has 20 estates in Assam and four estates in Dooars, West Bengal, which have great tourism potential.

APPL chairman Hardeep Singh said that they are exploring tea tourism and are simultaneously working on a plan to diversify into other agricultural products to enhance the economy of the area by involving their employees. Tata Tea's ambitions to enter tea tourism and alternative farming will be taken up once APPL comes into existence. Even though the company has received Sebi approval, it will formally come into existence from mid of May.

Incidentally, APPL will have a paid-up capital of Rs 175 crore. The Tata group will hold 33-35 percent in the new entity. While IFC and ILFS will hold 29 percent stakes each in APPL.

Another 12 percent will be held by Globally Managed Services. And the balance 13-15 percent will be collectively held by the 26,000-odd workers of Tata Tea. Tata Tea has decided to provide an interest-free loans of Rs 8,000 to each worker to help him subscribe to the equity and the loan will be

adjusted through easy instalments over a period of seven years. The two funding agencies, IFC and IL&FS, are also geared up to invest in APPL.

A senior official of IFC said, "IFC board has recently approved the proposal to invest in APPL. We are waiting for the company to be formed and necessary documentation to be completed for putting in our contribution. IFC will invest USD 7.8 million in the equity of the company.

Senior IL&FS officials close to the development said that IL&FS's committee for investment in such projects has also recently approved the project. They are also waiting for the company to be formed following which investments will be made.

6 Events

6.1 Online Travel: Are you hooked?

Dates: 18 May, 2007

Venue: Hotel Inter Continental The Grand, New Delhi

Details:

Inaugural Session:

Changing face of travel in India: Moving from Milk to Cheese

Panel Discussion 1:

Hospitality and Business travel: Online Strategy Hospitality and Business travel: Online Strategy

Panel Discussion 2:

TECHNOLOGY: Build, Buy or Partner

Panel Discussion 3:

Payments & security: Exploring New Opportunities and Preventing Fraud

Panel Discussion 4:

ONLINE CUSTOMERS: Target, Engage, Fulfill and Retain

Speakers:

Anuj Gupta, CEO, Final Quadrant Solutions

Ashwin Damera, CEO, Travelguru.com

Deep Kalra, Founder & CEO, Makemytrip.com

Gaurav Chiripal, CEO, Quadlabs

Guna Sekhar Reddy, Managing Director, LognBuy

Harish Bahl, Chief Executive Officer, Zoomtra.com

Harish Natarajan, VISA

Himanshu Singh, Managing Director, Travelocity India

Mahesh Murthy, Founder & CEO, Pinstorm Technologies Ltd

Nikhil Rungta, Head Marketing, Yatra

Rahul Pandit, Vice President- Operations & People, The Lemon Tree Hotel Company

Ram Badrinathan, Senior Analyst, PhoCusWright Inc

Stuart Spiteri, MD Asia Pacific, Akamai Technologies

Suresh Kumar, President, Fortune Park Hotels India

V Ramani, CEO, Connecturf (I) Pvt Ltd

Vishwas Patel, CEO, CC Avenues

Who Should Attend: Executive from Airlines and Hotels, Online Travel Providers, Tour Operators, and Agencies, Other travel supplier, Leisure and Holiday Travelers, Corporate and Business Travelers, Executive from Software companies

Delegate fee: Rs 4000/ person

Group Discounts: 2-4 Paid Delegates: 10% Discount

5 and above paid delegates: 20% Discount

Register online to avail 5% discount

Further details: <http://www.iamai.in/conference/>

6.2 3rd Aviation and Tourism Investor Summit

Organised by: Centre for Asia Pacific Aviation

Dates: 11th & 12th June 2007

Venue: Mumbai, India

Details: The summit will especially focus on India and the West Asia. Over 250 delegates will participate in the meet. The 2007 Summit will build on the resounding success of last year's events which featured keynote addresses by India's Minister of Civil Aviation, Praful Patel; Stelios Haji-Ioannou, Founder & Chairman of the easyGroup and Dr Vijay Mallya, Chairman & CEO of Kingfisher Airlines.

The meet will consider the outlook for the region's low cost sector. In India, this sector has been driven by a domestic traffic growth of almost 50 percent, but faces critical issues related to profitability, funding, infrastructure and regulation. The year 2007 will be a pivotal year for the long-term viability of the sector and the symposium will provide critical insights into the likely outcomes .

In the West Asia, the model has gained momentum, and Kuwait and the UAE already have very successful operators. In 2007, low cost airlines are set to launch operations in the largest gulf market, Saudi Arabia.