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from the ringside

Can India benefit from Iberian Miracle?

MADRID: The world is gripped with a new India fever. It is increasingly fashionable for any worthwhile academic institution or a major international conference to focus on India. Expectations run high and the government has the daunting challenge to deliver on promises.

It is, therefore, no surprise that the Caja Madrid, Spain's prestigious private bank, at their 5th International Finance Summit on the broad theme of "Where we are and where are we heading?" devoted a special session on India. I had spoken at a similar event last year and have done so for the second year in succession.

The architecture of the conference itself has some message for India. The plenary session was devoted to tourism as a growth multiplier.

In the panel, Fernando Conte, chairman, Iberia, spoke at length on the new challenges which the aviation sector is facing given the competitive no-frills airlines pricing policy and the extent to which rising fuel cost could be absorbed insulating travellers from the added cost burden. Interestingly, for traditional airlines, fuel constitutes 18% of their cost, while for the no-frills airlines it is significantly higher. This gives an edge to the traditional airlines in an era of high fuel prices.

Jean Claude Baumgarten, president of World Travel and Tourism Council, focused on tourism as a trigger for capital investment and its high employment potential. In his view, given the saturation of other markets, Asia particularly, India and China had a huge potential.

What was innovative was an entire session devoted to "Event as a way to foment tourism". For this segment, the speakers included the famous football player Jorge B Valdano, who is now manager of Real Madrid. Germany it seems, is contemplating an investment of 15 billion Euros for the football event in 2006, contributing 0.75% to its GDP. Equally interesting was the importance of golf courses in creating multiple economic activities and the point made by the famous South African golf player and promoter, Gary Player, was quite telling about his experience in Africa where golf gave gainful employment to thousands of African boys. The question on whether the prospect of water shortages was likely to inhibit many from the luxury of maintaining golf courses, his response about ecological balance, creative water harvesting, economical water use and a blend between man-made and natural greens was a pointer for the future.

Spain has multiple lessons for India as how to use tourism as an engine of growth. Who can fail to be impressed by the following statistics:

- Spain received about 54 million tourists in 2004, which, added to the 32 million

same day visitors, totalled over 85 million.

- Tourism accounts for over 11.4% of the country's GDP; generates revenues of over 33 billion dollars with the gains spreading throughout the Spanish economy.
- Madrid accounts for only 5.9% of tourist flow while the Mediterranean regions of Valencia, Catalonia, Canary Islands account for 75% of the tourist flow.
- It has 17,000 establishments with 1.4 million rooms along with 1,163 luxury four and five-star hotels.
- In 2003, it had hosted 18,566 meetings with a total number of participants touching over three million in 199 cities catapulting Spain in the second position globally in hosting international meetings ahead of UK, Germany and Italy.

What are the policies which enable tourism to make such a major contribution? What kind of public-private partnership attract investments and enable broadbased benefits for the economy?

FIRST and foremost, the need to adjust and adapt. Spain, as the home of world's maximum heritage sites, has natural advantages. However, the big thrust to tourism growth came from the sun-and-beach concept through very competitive pricing attracting Britons, Germans and other Europeans. While Spain is rejuvenating their existing resorts, they realise that they are being priced out by other competitive destinations. Competitive air pricing is leading to more frequent but shorter trips while average revenue per day has come down significantly.

Besides internet has brought new paradigms where tourists have become increasingly self-sufficient by making their own arrangements, increasingly using private houses (as high as 57%) and needing boutique treatment to cater to special needs from gastronomy to well being.

SECOND, cheaper fares enable longer distances to be traversed even for shorter vacations. This is India's opportunity, provided infrastructure can be developed fast enough.

THIRD, exploiting traditional attractions need to be blended with more innovative concepts. The bull-fight and Flamenco dances were replaced by the sun-and-beach which are now being increasingly replaced by newer concepts, particularly special events like football, golf, music concerts, gastronomy and health to name a few.

While India has yet to exploit its beach and sun, it must think of a coherent policy for attracting international events. Rajiv Gandhi's success in the Asian Games altered Delhi's infrastructure and landscape. We do not have a vision of events, whether it be soccer, golf and music concerts, not to speak of Asian, Commonwealth and hopefully a future Olympic. Nor has India attracted major conventions or international events. The proposal by a group of hotels in Mumbai to use surplus land belonging to the Airport Authorities for a convention centre was mired in inter-ministerial conflicts. Convention centres of world class, promised by successive governments, are yet to take off.

Decisions cannot be taken overnight nor strategy devised in isolation. Attracting events requires coordinated efforts of multiple ministries and organisations with coordination at perhaps the highest level. The competitive race for securing the Olympic 2012, which saw the presence of Prime Minister Tony Blair, President Chirac, Queen of Spain in Singapore, shows the efforts and commitment which countries need to secure positive outcomes.

We perhaps need a “Commissioner, India Events” located in the Prime Minister’s Office to scan, select, lobby and coordinate in seeking and securing significant events to India. This cannot be left to the Ministries of Tourism, Youth, Sports or Culture. This would be consistent with what other countries are pursuing so competitively.

The face of tourism is changing as human desires change and both technology and travel management need creative strategies. Enhancing economic activity implies much more than merely promoting tourism. While we consolidate our strength, we need new vision and innovation. Only then can India benefit from the Iberian Miracle.

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