

## HVS Monday Musings: The Uncharted Waters of Cruise Tourism in India

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A cruise vacation is often considered the epitome of luxury, especially those that are all-inclusive, and allow guests to visit multiple destinations without the hassles of planning complicated travel arrangements. The cruise ships have everything onboard, from luxurious accommodations and a wide selection of dining options to entertainment and thrilling activities that make these journeys an unparalleled memorable experience for the traveler.

Although the pandemic had negatively impacted the industry, it is once again on a steady rise, with key players like **Disney Cruise Line**, **MSC Cruises**, and **Carnival Cruise Line**, among others, continuously adding new, bigger ships to their fleet to meet the rising demand and evolving traveler preferences. As a result, the **Global Cruise Tourism Market**, which was valued at more than US\$5 billion in 2022, is expected to grow at a CAGR of nearly 12% to surpass US\$17 billion by 2032.

Despite having a significant natural advantage of a vast 7,500 km coastline, which is home to 12 major and over 200 minor ports, India has not yet been able to leverage the full potential of cruise tourism in the country. Reports indicate that the Indian cruise industry was valued at only US\$ 100 million in 2022, which is minuscule compared to the global market. However, recognizing the potential of cruise tourism, the Government is now increasing its focus on this niche segment and taking steps to accelerate its development, with an aim to **increase cruise passengers 10-fold** from 0.4 mn to 4 mn by 2041. There are currently 208 cruise ships operating in the country and the government aims to increase this number to 500 by 2030. Further, three new international cruise terminals are also expected to be operational by 2024. Moreover, the tourism ministry released the **Draft National Strategy for Cruise Tourism** recently, with key proposals that can facilitate the segment's growth.

International players have also recognized the massive potential in India and are showing a keen interest. Leading players like the **Royal Caribbean** and **Costa Cruises** already have cruises that stop in the country and are also starting sails exclusively for India. Costa Cruises recently announced that it will operate 23 domestic cruises visiting Mumbai, Kochi, Goa, and Lakshadweep Islands from November 2023 to January 2024. Moreover, India's first international cruise ship, MV Empress by **Cordelia**, from Chennai to Sri Lanka was also launched in June this year. The potential is so high that the company aims to host 50,000 passengers in the next four months.



### Summary

India, with its vast coastline and an elaborate network of waterways on the mainland, has significant latent growth potential for cruise tourism. Read on to know more.

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Besides the coastal regions, India is also blessed with more than 400 rivers giving an enormous opportunity to explore the mainland. In January this year, the world's longest river cruise, the **Ganga Vilas**, was flagged off in the country. The 51-day cruise starts in Varanasi and after covering a distance of 3,200 km and nearly 50 destinations through 27 river systems in five states and two countries, anchors down at Dibrugarh in Assam. The **Mahabaahu Cruise** is another popular Luxury River Cruise in India traveling down the magnificent Brahmaputra, which is popular amongst foreign and domestic tourists.

Post the pandemic, people have been eager to explore new travel experiences and cross things off their travel bucket lists, which will help the cruise industry as well. In fact, **Antara Luxury River Cruise** has reported that post the pandemic nearly 20% of their passengers are Indian nationals as opposed to zero earlier. Studies have also shown that 6 in 10 people revisit the destinations they touched upon during a cruise, so promoting cruises can be beneficial for the entire tourism industry and economy.

The Indian government has taken several initiatives to promote cruise tourism including, e-visa facilities for cruise passengers, rationalization of port fees, and priority berthing for cruise ships. The government has also extended the **relaxation of cabotage restrictions** for foreign cruise ships by an additional five years, through February 2029, enabling these vessels to call at multiple ports in India without obtaining a license from the Directorate General of Shipping (DGS). Furthermore, the government is also upgrading and modernizing the port infrastructure and developing cruise terminals in the country.

Enhancing last-mile connectivity to the ports, launching a successful marketing campaign to raise awareness among domestic and international tourists, and resolving issues with GST and other taxes, as recommended by the national policy, will soon help India become a top cruise destination.

## About Mandeep S Lamba



Mandeep S. Lamba, President – South Asia, oversees the HVS global hospitality practice for South Asia. He has spent over 30 years in the hospitality industry of which the last 19 have been in CEO positions. Having worked with leading International and domestic Hotel Companies such as IHG, Radisson & ITC Hotels, he also set up joint venture companies with Dawnay Day Group UK and Onyx Hospitality, Thailand to own and operate hotels in India giving him a broader exposure to the hospitality business.

An established industry leader, Mandeep has won several awards and recognitions in India and abroad for his accomplishments and contribution to the hospitality industry. He is a Certified Hospitality Administrator from the American Hotels Association (CHA), a member of the Royal Institute of Chartered Surveyors, UK (MRICS) and a member of the Tourism Council of CII (Northern India). His views are often solicited for television and print media as a spokesperson for the hospitality & tourism sector.

Prior to joining HVS in 2018, Mandeep was the Managing Director, Hotels & Hospitality Group for JLL.

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## About Dipti Mohan



Dipti Mohan, Vice President - Research & Corporate Communication with HVS South Asia, is a seasoned knowledge professional with extensive experience in research-based content creation. She has authored several 'point of view' documents such as thought leadership reports, expert opinion articles, white papers, and research reports across industries including hospitality, real estate, infrastructure, cement, and construction. Contact Dipti at [\[email protected\]](mailto:[email protected]).

## About Dhwani Gupta



Dhwani Gupta, Associate - Research with HVS South Asia, studied literature for her undergraduate and believes that you can do anything with the right amount of research. After graduating, she pursued a course in Management and Liberal Arts which gave her a wider perspective of the world. As a result, the more difficult a topic is, the more fun she has writing it. Contact Dhwani at [\[email protected\]](mailto:[email protected])