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Market situation India.

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1 MARKET SITUATION AND OUTLOOK

1.1. Economic situation

Growth in India is projected at 6.1% in 2023, an upward revision compared with the April projection, reflecting momentum from stronger-than-expected growth in the fourth quarter of 2022 as a result of stronger domestic investment, as per the International Monetary Fund (IMF) stated in its July update of the World Economic Outlook (WEO).

India's gross domestic product (GDP) has touched the \$3.75 trillion-mark in 2023 so far from around \$2 trillion in 2014, as per the statement released in June, by the country's finance minister. India's GDP ranks above the UK (\$3,159 billion), France (\$2,924 billion), Canada (\$2,089 billion), Russia (\$1,840 billion), and Australia (\$1,550 billion) at current prices. Last year, India surpassed UK to become the fifth largest economy and is now only behind US (\$26,854 billion), China (\$19,374 billion), Japan (\$4,410 billion), and Germany (\$4,309 billion) according to projections by the International Monetary Fund (IMF).

India is one of the most important and sought - after outbound tourism source markets globally. With a growing economy, young population and growing middle class segment that encompasses 350 Mn. Further, with the growing penetration of social media such as Instagram, YouTube, and others, consumers are becoming more passionate about traveling international on the back of rising YOLO (you only live once) trend.

India is also striving to build a global manufacturing hub and become a preferred habitat for companies to shift their production bases here. Amid the ongoing megatrends, India would have a significant advantage owing to strong domestic demand, digitalization, largest talent pool globally, financial inclusion, global competitiveness, and sustainability transition.

The Indian government aims to strengthen its "Make in India" campaign and the "self-reliant India" initiative in the next five years to boost local manufacturing. With nearly INR 2 trillion (US\$25 billion) allocated to the production-linked incentives (PLI) scheme by 2025, 14 sectors, including medical devices, consumer electronics, and white goods, are targeted. In 2022, the PLI outreach was expanded to solar modules and semiconductors.

1.2. Political situation

Upcoming Elections in India 2024, in which the Prime Minister of India will be elected. Current term of the government is ending in May 2024 which means that elections will be compiled in March to April 2024 among different phases. Elections in India have far-reaching consequences, affecting not only the political landscape but also the stock market and economy. Elections introduce volatility, and political transitions can trigger changes in government policies, economic priorities, and regulations, subsequently affecting various sectors and companies.

The 18th G20 Summit will see the culmination of all the G20 processes and meetings held throughout the year among ministers, senior officials, and civil societies, on September 9-10,

2023. With, India taking the presidency for the first time, it is steering discussions and initiatives among the world's major economies to address complex challenges. This year has seen a major buzz across all industries and strengthening of relations between India and other G20 countries.

1.3. Aviation situation

Almost 20 million Indians have travelled overseas in 2022 in comparison to 7.72 million in 2021 or the pre-pandemic peak of outbound visits of over 26.91 million. According to the latest available outbound travel data for 2022 released by the Ministry of Home Affairs, Bureau of Immigration, over 18 million Indians have travelled outside the country between January-November 2022. This is about 70 percent recovery in 2022 when compared to the pre-pandemic peak of 2019 outbound visits.

1.4. Industry / sector situation

In a survey conducted by MakeMyTrip, a leading Online Travel Agency, Corporate India is back to travelling for work with 100 per cent recovery across pharma, healthcare, real estate and biotech sectors. There has been significant recovery in other sectors including manufacturing, defence and space, and logistics as well. Sectors including financial services, IT, consumer goods and automotive will see relatively slower recovery and are likely to be the last to see a complete recovery. The study further indicates that two-third of the corporates who returned to travelling were sales representatives, followed by professionals in consultant and leadership roles. Currently, 50 per cent of the travel bookings – are being made for client meetings, followed by visits to vendors and distributors, and factories or manufacturing plants. Data indicates nearly 90 per cent travellers prefer staying at hotels near the office – that also follow adequate safety and hygiene protocols followed by 10 per cent who prefer booking a guest house or serviced apartment. Travelling by air continues to remain as the most preferred mode of travel with only 10 percent professionals willing to travel in their personal vehicles for work.

Key factors influencing India bouncing back sooner than other countries:

- India has a stable governance.
- India has the largest consumer base of 1.3 billion people aspiring to climb and be in the middle class or above.
- Post Covid pent up demand to travel and interest for international travel is high.
- India's comparative advantage with highly talented individuals is second to none.
- Young demographic composition. 50% are under 25 years old, 65% are under 35 years old, the average age of the population is 29 years old.
- Cheaper interest rates to help spur local consumption.
- "Make in India" initiative in 25 sectors continues to attract foreign investment to India in sectors that are important not only for India but also for the country as a manufacturing base serving the rest of the world.

Some of the core industries that are crucial to India's growth also contribute to outbound incentive travel to Switzerland.

Automotive industry: The automobile industry in India is the world's fifth largest manufacturer of cars and seventh largest manufacturer of commercial vehicles in 2019. Indian automotive industry (including component manufacturing) is expected to reach Rs. 16.16-18.18 trillion (US\$ 251.4-282.8 billion) by 2026.

- In July-September 2021 quarter, the luxury car market registered sales of 8,500 units.
- In October 2021, the total production volume of passenger vehicles (except for BMW, Mercedes, Tata Motors & Volvo Auto), three wheelers, two wheelers and quadricycles reached 2,214,745 units.

The Indian Government has also set up an ambitious target of having only EVs being sold in the country. EV sales, excluding e-rickshaws, in India witnessed a growth of 20% and reached 1.56 lakh units in FY20 driven by two wheelers. The Government of India expects automobile sector to attract US\$ 8-10 billion in local and foreign investment by 2023.

Pharmaceutical industry: India ranks third worldwide for pharmaceutical production by volume and 14th by value. India is the largest provider of generic drugs globally. Presently, over 80% of the antiretroviral drugs used globally to combat AIDS (Acquired Immune Deficiency Syndrome) are supplied by Indian pharmaceutical firms. Pharmaceutical hubs are spread across 13 states of India. The Indian pharmaceutical sector is expected to grow to US\$ 100 billion, while the medical device market is expected to grow US\$ 25 billion by 2025.

Key Indian pharma companies:

- Sun Pharmaceuticals is the largest pharmaceutical company from India and the fifth largest specialty generic company in the world.
- Cipla is a leading pharmaceutical from India with presence across the world.
- Lupin Ltd. is a leading pharmaceutical company from India and is amongst the top 10 generic companies in the world.

Insurance industry: The Indian Insurance sector is basically divided into two categories – Life Insurance and Non-life Insurance. The Insurance sector in India consists of total 57 insurance companies, 24 companies are the life insurance providers and the remaining 33 are non-life insurers, of which there are 7 public sector companies. Life insurance industry in the country is expected to grow by 14-15% annually for the next three to five years.

- In March 2021, health insurance companies in the non-life insurance sector increased by 41%, driven by rising demand for health insurance products amid COVID-19 surge.
- In September 2021, new premiums of life insurers registered 22.2% growth, up from 2.9% in September 2020.

Going forward, demographic factors such as growing middle class, young insurable population, increasing life expectancy and growing awareness of the need for protection and retirement planning will support the growth of Indian life insurance. Likewise, strong growth in the automotive industry over the next decade would be a key driver for the motor insurance market. Motor insurance accounted for 32.59% of the non-life insurance premiums earned, followed by health insurance at 28.9%, in November 2020.

Aviation industry: India has become the third largest domestic aviation market in the world and is expected to overtake UK to become the third largest air passenger market by 2024. India is expected to overtake China and the United States as the world's third-largest air passenger market in the next ten years, by 2030, according to the International Air Transport Association (IATA). To cater to the rising air traffic, the Government of India has been working towards increasing the number of airports. As of 2020, India had 153 operational airports. India has envisaged increasing the number of operational airports to 190-200 by FY40.

Key investments and developments in India's aviation industry include:

- In March 2021, the government announced plan to set up two water aerodromes in Assam and four water aerodromes in Andaman and Nicobar Islands this year to boost tourism and connectivity
- In October 2021, Tata Sons won the bid to acquire state-run Air India by offering Rs. 18,000 crore (US\$ 2.4 billion) to acquire 100% shares

Cement industry: India is the second largest cement producer in the world and accounted for over 7% of the global installed capacity. India's overall cement production capacity was nearly 545 million tonnes (MT) in FY20. The top 20 companies account for around 70% of the total cement production in India. As India has a high quantity and quality of limestone deposits through-out the country, the cement industry promises huge potential for growth.

The Government of India is strongly focused on infrastructure development to boost economic growth and is aiming for 100 smart cities. In the third quarter of FY21, Indian cement companies reported a healthy growth in earnings and demand for the industry increased on the back of resuming construction activities post COVID-19 lockdown imposed by the government.

Media and entertainment industry: According to an EY report, the Indian media and entertainment (M&E) sector stood at Rs. 1.38 trillion (US\$ 18 billion) in 2020 and is estimated at Rs. 1.79 trillion (US\$ 24 billion) in 2021. Further, it is projected to grow to Rs. 2.23 trillion (US\$ 29 billion) by 2023, due to acceleration of digital adoption among users across geographies. Within the M&E sector, Animation, Visual Effects, Gaming and Comic (AVGC) sector is growing at a rate of 29%, while the audio-visual sector and services is rising at the rate 25%.

- As of August 2021, Television would account for 40% of the Indian media market in 2024, followed by print media (13%), digital advertising (12%), cinema (9%), and the OTT and gaming industries (8%).
- In September 2021, Netflix India signed a multi-year agreement with Excel Entertainment to strengthen its original series share in India.
- In October 2021, Star & Disney India signed advertising deals worth Rs. 1,200 crore (US\$ 160.16 million), for the ICC T20 World Cup, marking a three-time rise over the last tournament, which was held in 2016 in India.

1.5. Meeting industry situation and trends

According to research by World Travel & Tourism Council (WTTC), the travel & tourism sector's contribution to the Indian economy would surpass the pre-pandemic levels in 2024 with an year-on-year growth of 20.7%. Outbound travel has witnessed growth despite rupee depreciation and increase in airfares, largely led by higher crude prices and the Russia-Ukraine war. The rupee weakened over 10% in 2022 on a year-on-year basis, its worst performance since 2013.

Indians will prioritise travel: Indians are going to be amongst the top spenders in 2023 for travel, as the flights are still going full and there are plenty of other visitors at popular travel spots. Amongst the travel choice long weekend getaways will be more popular this year. Between the age of 23-40 years, more travellers are willing to upgrade their experience and splurge on holidays.

Offline Travel agents will gain popularity: Though with booming demand all segments within travel will continue to gain, however offline segment (bookings done via offline travel agents) will get bigger share of total market. Reason being, just before and during Covid, travelers suffered from hands of OTA & aggregators on issues of refunds and cancellation resulting them to fall back

to agent who serviced them better on these fronts. Also, with changing environment travelers always look for a fall back if all hell break loose while travelling which an offline agent handles better instead of an IVR. However, with given increase in demand, technology and collaboration will be the new drivers of the travel industry. To stay relevant, travel agencies will have to invest more in online technologies to make bookings seamless for the travelers. POS solutions and technology will contribute majorly to this, while airlines would be focusing more of capabilities such as self-service, touchless travel, biometrics and AI.

Visa challenges for MICE groups to various European countries have been resulting in pushbacks on departure dates and many a times in change of destinations. Corporates are opting for destinations that either do not require visas for Indians or offer e-visas or visas on arrival such as Turkey, Egypt, Maldives, Dubai, Abu Dhabi and Mauritius. Here in the market Switzerland Tourism has an advantage over the other European countries as we maintain excellent relations and work very well with the visa section at the Embassy of Switzerland. The strong connect with the MICE agencies, help us to inform the visa section well in advance to prioritize and smoothen the visa facilitation process for MICE groups. And to the trade, we keep them informed about the process and best practises to be followed. However, we do see a challenge for small MICE groups below 60 people, wherein online visa appointments are needed, this is a cumbersome process. as lack of slots and long turnaround time for visa processing have significantly affected travel plans.

Increase in bleisure travel: As travel rebounds and corporate travel programs restart, companies are refreshing travel policies to create and encourage more flexibility, including opportunities for bleisure travel, providing business travelers a chance to add personal time onto their business trips or work from a vacation home/destination. Carving out additional time for rest and relaxation or a chance to explore local areas also will help relieve the tension and stress of business travelers' usual routine.

Sport Tourism: Sports and tourism are interconnected, and sports tourism continues to be a growing opportunity and has been driving travel preferences of Indian consumers, which includes the new young generation who want unique experiences whilst traveling. In India, this is one of the first segments of tourism that began to find its feet as soon as travel restrictions were eased. Tour operators have begun including key sports events in their business plans and many actually build travel itineraries around major sports events or offer itineraries that include at least a sports match. India's large tour operator have been on to sports tourism for a while, targeting, besides cricket, major global events like the Olympics or football championships. But now as the demand emerges for other sports, the tourism industry must also cater to this segment. While most bookings for sports tourism from India come from the upper middle class/ affluent HN+-UHNI leisure segments between the age group of 18 to 45, there has been demand form younger audiences who are keen to do sport events + travel to destinations.

Destination Weddings.

After two years of being subdued by the pandemic and subsequent lockdowns and economic pressures, the big fat Indian weddings have returned this year with a bang. Destination weddings is yet another segment of outbound travel from India that continues to grow strongly, and many countries are already betting on presenting themselves as the ideal setting for the next Big Fat Indian wedding. With over 10 million weddings each year held in India, if even a small fraction of these is relocated to overseas, it could mean billions of dollars in revenues for the beneficiary destinations.

Switzerland got an amazing social and print media coverage of the wedding (luxury consultant and fashion influencer – Sonam Babani) that took place in early 2022. It generated a lot of interest,

publicity and created awareness about 'Weddings in Switzerland' amongst potential couples wanting to get married overseas. This is also one of the main reasons that three big Indian weddings took place this year until July 2023. One in Gstaad, the second one in Montreux and the very recent one at the beginning of July in St. Moritz for 300 people.

1.6. RFP situation in India

SCIB India has seen a huge surge in the demand for Incentive travel this year. Sectors such as Insurance, finance, pharmaceuticals, and appliance companies are spear heading the demand. An interesting thing we are seeing is that the MICE groups are extending the travel season beyond the typical travel months. Groups are being confirmed and set to travel in the months of October and November 2023. Traditionally, these months are not our strong period as it is wintertime, and is considered to be extremely cold for Indians. Our strongest month this year has been October, with approximate 10'000 overnights.

2 TARGETS

- Tap MICE agencies in Tier 2 and Tier 3 cities and build network with them.
- Enhance existing partnerships with MICE agencies, pan India.
- Connect with new MICE agencies, event planners and wedding planners.
- Develop new itineraries and provide local support to MICE agencies.
- Regular product updates and sales calls to MICE agencies.
- Establish contacts with corporate clients through various channels and build a good working relationship with them.
- Target and tap new opportunities to increase MICE business to Switzerland.

3 CURRENT DATABASE SITUATION

Kind	Companies/Institutions	Contacts
Agencies	989	1497
Corporates	156	260
Association	-	-
Press	3	6
Wedding Planners	24	45



4 DETAILED MARKETING ACTIVITIES

Further details of past, present and future marketing activities can be found on www.stnet, which can be accessed by using your personal username and password.