

Cruising Towards Inclusive Growth

Exploring The Potential For Growing The Cruise Tourism Sector Amongst IORA Member Countries

FICCI

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INDIAN OCEAN RIM ASSOCIATION

EGA

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MESSAGES AND FOREWORD

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Global Cruise Tourism:
Sailing Towards Economic Prosperity

Cruise tourism, a vibrant and rapidly expanding segment of the travel industry, encapsulates the essence of modern leisure travel through its unique blend of adventure, luxury, and cultural exploration. This sector has not only demonstrated remarkable resilience, rebounding with significant growth post-global disruptions, but has also continuously evolved to meet the diverse preferences of global travellers. Offering the convenience of experiencing multiple destinations while enjoying the comprehensive amenities onboard, cruise tourism appeals to a broad audience, from adventure-seekers to those seeking a serene getaway.

From the sun-drenched Caribbean to the awe-inspiring fjords of Norway, cruise ships have become floating resorts, transporting passengers to some of the world's most breathtaking locales. This industry's meteoric rise can be attributed to its ability to cater to diverse interests, ranging from adventure seekers to luxury enthusiasts, ensuring that there is something for everyone.

Beyond its recreational appeal, cruise tourism has proven to be a potent catalyst for economic growth and development across the globe. The economic contributions of cruise tourism are profound and multifaceted, extending far beyond the decks of these majestic ships. It acts as a catalyst for job creation and infrastructure development in numerous port cities and surrounding areas. The sector directly and indirectly supports a wide spectrum of jobs, infusing vitality into local economies through both the development of state-of-the-art cruise terminals and the increased demand for local goods and services. For every million dollars spent by cruise passengers, approximately 17 jobs are created, underscoring the industry's role as a significant economic driver.

Particularly beneficial for coastal and less developed countries, cruise tourism presents an opportunity to capitalise on their natural beauty and rich heritage without the intensive capital investment typically required for industrial development. This influx of tourists boosts local businesses and crafts, promoting cultural exchange and economic inclusivity. Furthermore, the global marketing of cruise itineraries enhances the international profile of these destinations, potentially transforming them into coveted stops on the global tourism map.

Moreover, cruise tourism presents opportunities for sustainable economic development. The industry's shift towards sustainability – evidenced by investments in cleaner technologies, waste reduction practices, and sustainable shore excursions – aligns with broader environmental goals and enhances the appeal of destinations prioritizing conservation. This sustainable approach not only mitigates the environmental impact but also attracts tourists who are increasingly conscious of the ecological footprint of their travel choices.

As cruise tourism continues to expand, its potential to drive significant economic benefits, particularly for coastal and developing countries, is immense. By fostering job creation, infrastructure improvement, and sustainable practices, cruise tourism can play a pivotal role in the economic and environmental strategy of destinations worldwide, making it a cornerstone of modern travel and economic development.

Tailwinds from a Strong Post-Pandemic Recovery

The cruise industry boasts a truly global presence, with major cruise lines operating in every corner of the world. While the Caribbean remains the dominant destination, attracting the highest percentage of cruise passengers, other regions are experiencing remarkable growth in cruise tourism. The Mediterranean has witnessed a notable surge in visitors, benefiting from the industry's robust post-pandemic rebound. Destinations like the North American West Coast, South America, and Alaska have also seen substantial increases in cruise traffic compared to pre-pandemic levels.

Emerging markets, such as Brazil and Italy, have shown promising signs, with these countries recording significant relative gains in the number of passengers embarking on cruises from their ports. This diversification of source markets highlights the industry's global appeal and the growing demand for cruise vacations worldwide.

The Caribbean, with its diverse array of islands, rich cultural heritage, and stunning natural landscapes, continues to reign as the world's most popular cruise destination. In 2023, the region welcomed nearly 1 million more cruise visitors than in 2019, underscoring its enduring allure. The Mediterranean, renowned for its historic cities, picturesque coastlines, and cultural richness, has also experienced a surge in popularity, with ports in countries like Italy, Greece, and Spain witnessing increased traffic.

The cruise industry has demonstrated remarkable resilience in the face of the COVID-19 pandemic, with passenger volumes in 2023 surpassing pre-pandemic levels by 6.8%. This swift recovery highlights the industry's adaptability and the enduring appeal of cruise vacations among travellers. Global cruise capacity is forecast to grow by at least 10% from 2024 to 2028, with the industry expected to welcome nearly 40 million passengers annually by 2027.

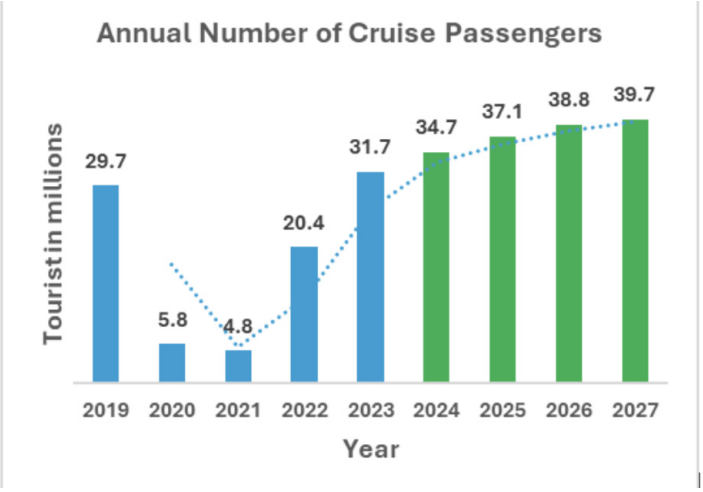


Figure 1: Global cruise tourist passengers across the years (Source: Cruise Lines International Association)

Global Market Size of Cruise Tourism and Key Players



Figure 2: The size of the global cruise market, with projections up to 2027 (Source: Cruise Lines International Association)

The cruise industry is distinguished by the substantial capital investment it represents, and its positive economic impact on ports of call globally. The global cruise market is expected to grow from USD 30.11 billion in 2024 to USD 35 billion by 2027, with a compound annual growth rate (CAGR) of over 5%. Within this industry, the ocean cruises segment is anticipated to be the most lucrative, achieving an estimated revenue share of 80% by 2032.

The success of this industry is shown in its average annual growth rate of 5.4% between 2009 and 2019 (CLIA, 2020), which is higher than regular land-based tourism (4.9%) over the time 1980-2017 (Peručić,, 2019). The sector is back to reflecting high rates of growth, having surpassed pre-Covid levels in 2023.

The global cruise industry is a consolidated landscape, with a small number of major cruise companies accounting for a significant portion of the market. These include Carnival Corporation & plc, with a diverse portfolio of cruise lines, catering to a wide range of demographics and budgets. These include Carnival Cruise Line, the world's largest cruise line by passenger capacity, as well as established brands like Princess Cruises and Holland America Line.

Royal Caribbean Cruises Ltd. (RCCL) is another major global cruise company renowned for its focus on innovation and pushing the boundaries of cruise ship design. They house some of the world's largest and most technologically advanced vessels, offering unparalleled amenities and onboard experiences. Royal Caribbean International, the company's flagship brand, is synonymous with adventure cruising, while Celebrity Cruises provides a more luxurious and sophisticated offering.

The third major cruise company in the global market is Norwegian Cruise Line Holdings Ltd. (NCLH). NCLH offers a freestyle cruising concept eliminating traditional fixed dining times and dress codes, allowing passengers greater flexibility and personalisation in their cruise experience. NCLH's portfolio includes Norwegian Cruise Line, known for its contemporary design and relaxed atmosphere, as well as upscale brands like Oceania Cruises and Regent Seven Seas Cruises, catering to discerning travellers seeking a more intimate and luxurious experience.

These leading companies not only control a significant share of the industry's revenue, but also play a pivotal role in shaping cruise trends and experiences for millions of vacationers worldwide. Their continuous investments in ship construction, destination expansion, and innovative onboard offerings ensure that the cruise industry remains a dynamic and ever-evolving vacation option.

Economic Impact of Cruise Tourism

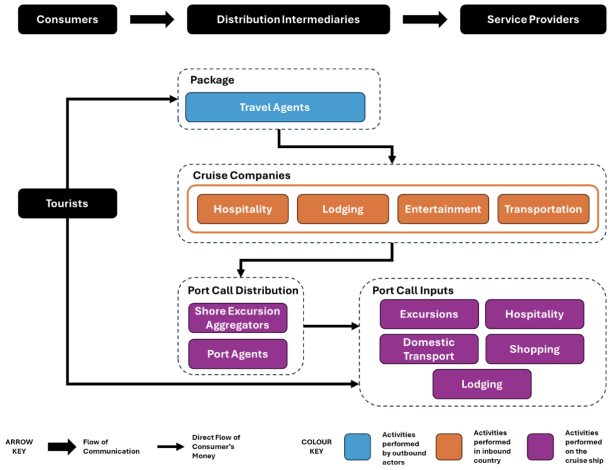


Figure 3: Value Chain of the cruise package (Author's Representation)

A cruise package is composed of the ship's onboard experience and the various land destinations included in its itinerary. Several players traditionally associated with the broader shipping industry also significantly influence the cruise tourism sector. Port Authorities (PAs), for instance, are crucial as they not only invest in specialised facilities but also set tariff policies that affect the structure of cruise packages. Additionally, shipping agents, who have historically focused on maritime cargo transport, now frequently play a role in the cruise industry. Many have established divisions specifically to handle cruise operations, functioning as general sales agents (GSAs), coordinators of hotel stay, and organisers of land-based activities, effectively taking on roles like travel agencies for inbound travellers.

The widespread adoption of digital technology has transformed traditional practices in the tourism industry. Online platforms and digital booking systems now enable a more direct and efficient distribution of cruise packages, enhancing customer access to options and information while also streamlining operations. This digital shift is part of a broader transformation that has redefined interactions within the tourism sector, promoting greater integration and coordination among all parties involved in delivering the cruise experience. This evolution towards digital integration has not only had operational efficiencies but also opens new avenues for marketing and customer engagement in the cruise industry.

The growth of the cruise tourism sector, fuelled by both traditional and digital channels, has spurred job creation across various segments. New positions have emerged within Port Authorities, shipping agencies, and digital travel platforms. Additionally, the rise of cruise tourism creates employment opportunities in both origin and destination countries. Cruise lines themselves require a vast workforce to operate the ships, while ports and tourist destinations see increased demand for hospitality, service, and transportation personnel. This highlights the multifaceted impact of the cruise industry, extending beyond the tourism experience itself and contributing to economic growth through job creation in various sectors and geographical locations.

Prior to the pandemic, this industry hosted over 29.7 million passengers annually, generating jobs for nearly 1.8 million individuals worldwide and contributing approximately USD 150 billion to the global economy. The post-pandemic period has been marked with rapid recovery for the industry, with cruise tourist passengers in 2023 surpassing 2019 numbers, and poised to grow steadily.

In 2022, the cruise industry demonstrated remarkable resilience and economic influence. Despite passenger volumes reaching only 70% of the levels seen in 2019, the sector generated a substantial 90% of its economic impact compared to pre-pandemic figures. This highlighted the disproportionate contribution of cruise tourism to the global economy, especially considering that cruise travel accounted for just 2% of international travel. This economic footprint has resulted in a sector that was globally valued at USD 138 billion in that year.

This sector also contributed USD 43 billion in wages, underscoring its significant role in bolstering economic stability and providing livelihoods across diverse regions. This capacity to sustain high economic output despite reduced passenger numbers reflected the industry's efficient economic structure and its crucial role within the broader tourism and travel sector.

More than 75% of jobs supported by cruise activity were generated by the industry's onshore activities, particularly at ports. In total, approximately 910,000 jobs globally were attributable to these onshore activities, encompassing direct, indirect, and induced employment effects.

Specifically, almost 462,000 jobs were created through direct effects[1] , 257,000 resulted from indirect effects[2] , and 191,000 arose through induced effects[3] . In addition to these onshore contributions, the cruise lines themselves provided 301,000 jobs. Together, the sum of jobs linked to the economic impact at ports (910,000) combined with the employment sustained directly by the cruise lines adds up to a total of 1.2 million jobs. This extensive job creation underscores the significant role of cruise tourism in stimulating employment both at sea and on land.

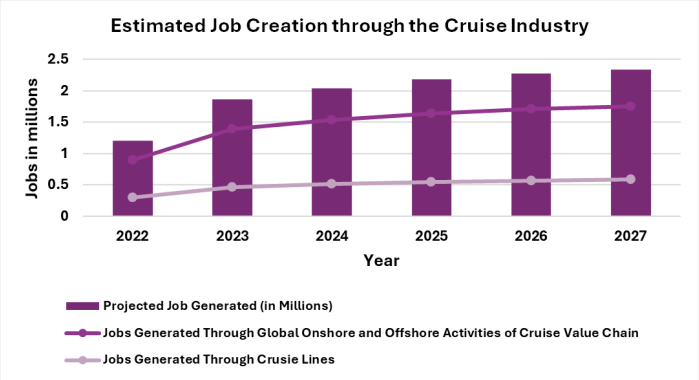


Figure 4: Job Creation Projections (Author's Projection)

Charting a Course Towards Sustainable and Inclusive Growth in Global Cruise Tourism

To strategically foster the growth of the global cruise tourism market, a multi-faceted approach that intertwines sustainability, economic inclusivity, and infrastructure development is essential. Enhanced port facilities capable of accommodating larger cruise ships and integrating green technologies such as shore power and waste management systems are crucial. The development of regional cruise hubs, bolstered by robust transportation links and tourist services, will facilitate seamless travel experiences. Strengthening local supply chains by connecting cruise lines with local food producers, artisans, and service providers, coupled with the use of technology to streamline supply processes, will ensure transparency and efficiency.

Empowering women entrepreneurs and MSMEs through capacity-building programs, digital skills training, and providing access to microfinance options will help scale operations related to cruise tourism. Simplifying procedures and reducing bureaucratic hurdles through regulatory reforms will create a more business-friendly environment, attracting further investment. Sustainable practices can be promoted through certifications that enforce standards for environmental and social responsibility, alongside educational campaigns that inform tourists about the importance of respecting local cultures and environments.

Investing in maritime conservation projects and supporting marine conservation efforts that protect ocean health while benefiting local communities will bolster the blue economy. The adoption of green technology aboard ships and within infrastructure, and the implementation of state-of-the-art waste treatment facilities, will reduce environmental footprints and promote green tourism.

Transitioning to low-carbon fuels and developing robust carbon offset programs will pave the way towards net-zero carbon cruising. Public-private partnerships can facilitate

the funding of infrastructure that supports cruise tourism and collaborates on research projects to develop new technologies for sustainable cruise tourism. By enhancing private sector involvement and creating incentive programs for investment in sustainable and innovative tourism projects, the industry can thrive.

These strategies require cooperation across multiple stakeholders, including governments, the private sector, local communities, and international bodies. By focusing on sustainability, inclusivity, and robust economic policies, the global cruise tourism market can achieve sustainable growth that benefits all stakeholders, making it an attractive, responsible choice for modern travelers seeking unique and enriching experiences on the open seas.

Setting Sail in the Indian Ocean:
IORA and the Rise of Cruise Tourism

The Indian Ocean Rim (IOR), covering a vast geographical expanse with a coastline exceeding 66,526 kilometers, is home to a population of 2.7 billion people – approximately one-third of the global population. This region is a mosaic of diverse backgrounds, cultures, languages, and religions, creating a rich tapestry that includes unique art, cuisine, music, dance, architecture, and history. Such diversity and cultural richness make the Indian Ocean Rim an ideal destination for cruise tourism, offering a variety of landscapes and experiences.

The region possesses extraordinary attributes that render it a compelling destination for global cruise tourism operations. Strategically positioned at the intersection of Europe, Africa, Asia and the Middle East, the region's shipping channels are well-established. The IOR is already a highly developed sea passage for container ships, accounting for one third of the world's bulk cargo traffic and two thirds of the world's oil shipments[4]. The high volume and frequency of shipping implies that several aspects of sea travel shared by cruise tourism already exist in the region. These include adequate dock and port capacity for berthing large ships, established and safe sailing circuits, easily navigable passages, and high inter-regional connectivity.

Among the established cruise circuits in the region, the route from Singapore to Borneo offers a glimpse into Southeast Asia's vibrant cultures and lush, tropical environments. This route allows tourists to explore bustling cities, tranquil rainforests, and rich biodiversity, providing a comprehensive experience of the region's natural and urban offerings.

Another notable circuit is along the island of Reunion in the southwest Indian Ocean. Known for its volcanic, rainforest interior, coral reefs, and beaches, Reunion is a perfect spot for cruises that focus on natural beauty and unique geological formations. Its unique culture also enhances the appeal for international tourists.

Further along the African coast, the route along Zanzibar offers an immersive experience into East Africa's Swahili culture. The island's historic Stone Town, recognised as a UNESCO World Heritage site, along with its famous spice plantations and white sandy beaches, makes it a captivating destination for those looking to combine historical exploration with leisure.

The possibility for new circuits and corridors for cruise tourism in the IORA region is immense. The East Coast of Africa, with its rich Swahili culture and wildlife, the South Asian coasts with ancient temples and bustling cities, and the untouched natural beauty of the Australian Kimberley are ripe for exploration. These areas can be developed into vibrant cruise routes that showcase the ecological diversity and cultural heritage of the region. For instance, a cruise circuit that connects the historical sites along the coasts of India, Sri Lanka, and Bangladesh can provide an immersive experience into the history and culture of South Asia.

Considering the varied cultural landscapes and untouched natural beauty, potential new cruise routes could connect distant shores like the Middle Eastern hubs with East Africa via the Arabian Sea, and Southeast Asia with the eastern coast of Africa through the strategic straits of Malacca, Sunda, and Lombok. These routes could serve to enhance economic ties, facilitate cultural exchanges, and diversify the tourism offerings available in the Indian Ocean Rim.

The IORA region presents a compelling alternative for cruise enthusiasts seeking a fresh perspective. With its breathtaking beauty, rich cultural heritage, and commitment to sustainable practices, the Indian Ocean is poised to become the next big wave in cruise tourism.

Concurrently, several IOR countries are rapidly emerging economies investing substantially in state-of-the-art infrastructure encompassing ports, terminals and tourism facilities to enhance accessibility and amenities for cruise operations. It represents a significant underdeveloped industry, considering that cruise tourism accounts for an average of less than 4%[5] of tourist arrivals in the region[6] . There is, therefore, immense opportunity to enhance economic gains by expanding cruise tourism through strategic investments in port infrastructure, and enhancements in regional connectivity.

IORA's collaborative frameworks and initiatives aimed at maritime safety and environmental protection ensure

that cruise tourism development can be sustainable. By integrating best practices in ecological conservation and community engagement, cruise tourism in the region can be developed responsibly, thereby protecting the oceanic environment and supporting local.

Cruising in the Indian Ocean is Waiting to be Capitalised

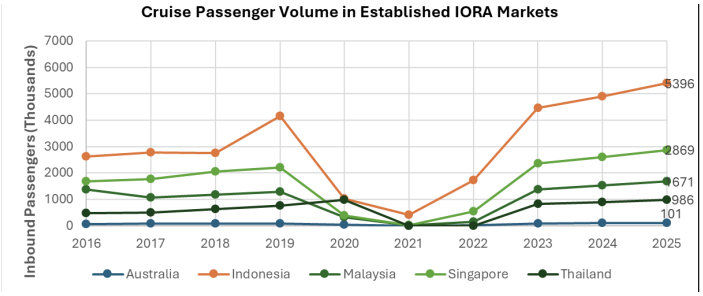


Figure 5: Cruise tourist arrivals in IORA countries, projected until 2025[7]

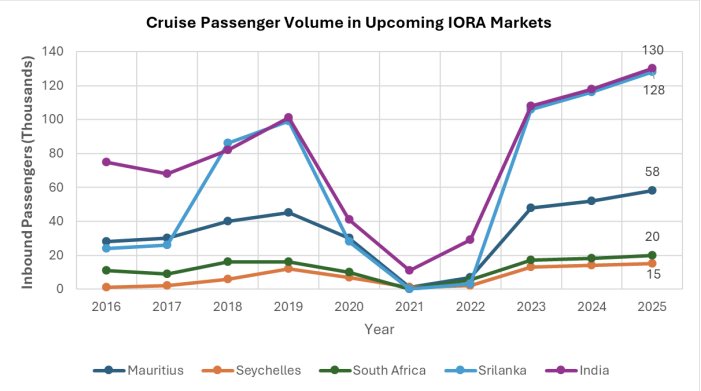


Figure 6:Cruise tourist arrivals in IORA countries, projected until 2025[8]

Figures 5 and 6 extrapolate performance of individual member countries from 2016 in the cruising sector to projected figures in 2025, based on number of inbound tourists. While India and Seychelles have witnessed significant surges in tourist numbers post-2020, indicative of a robust market rebound and burgeoning international allure, there is a clear gap between developed cruise tourism destinations (Malaysia, Singapore, and Indonesia), and emerging markets. As an example of a developed market in the IORA region, Australia earned USD 830 million from the cruise tourism sector in 2023 and it is expected to show an annual growth rate from 2023-2027 of 9.48%, resulting in a projected market volume of USD1.25 billion by 2027.

Established markets like Thailand, Malaysia, Singapore, Australia, and Indonesia have already capitalized on their potential in cruise tourism. These countries boast modern cruise terminals, duty-free shopping havens, and well-developed onshore experiences catering to a diverse range of tourists. For instance, Singapore's Marina Bay Cruise Centre is equipped to accommodate the world's largest cruise ships and serves as a critical gateway for maritime routes connecting Europe, Asia, and Australia. Similarly, Australia capitalizes on its iconic locales such as Sydney Harbour and the Great Barrier Reef, while ports in Malaysia and Thailand, like Langkawi and Phuket, manage significant tourist influxes, making them favoured stops on many Southeast Asian cruise itineraries.

The geographical proximity of these countries allows for multi-destination itineraries, further enhancing their appeal. Thailand attracts travelers seeking a blend of ancient temples, bustling night markets, and idyllic beaches. Malaysia offers a similar mix of cultural immersion and luxurious relaxation. Singapore is a global hub, attracting cruise passengers who crave a combination of world-class shopping, Michelin-starred dining, and futuristic architecture. Australia caters to a wide range of preferences, with Sydney offering a taste of cosmopolitan life and the Great Barrier Reef providing an unforgettable encounter with marine wonders. Indonesia's archipelagic layout creates a captivating cruise route, showcasing volcanic landscapes, ancient temples, and diverse marine life, perfect for adventure seekers and culture enthusiasts.

As these established markets continue to thrive, emerging destinations such as South Africa, India, Sri Lanka, Seychelles, and Mauritius are also beginning to tap into the cruise tourism sector. South Africa's rich wildlife, diverse landscapes, and vibrant cities like Cape Town have garnered interest from cruise operators. The country has upgraded its cruise infrastructure, including the Cape Town Cruise Terminal and the Durban Cruise Terminal. India, with its vast coastline and rich cultural heritage, presents immense potential for cruise tourism. The country has taken steps to develop dedicated cruise terminals in cities like Mumbai, Goa, and Kochi, attracting both domestic and international cruise lines. Sri Lanka, known for its pristine beaches, ancient cities, and diverse wildlife, has made efforts to promote itself as a cruise destination. The Colombo Port City project, once completed, aims to provide world-class facilities for cruise ships and passengers. The Seychelles, a stunning archipelago in the Indian Ocean, has become a popular stop for luxury cruise lines, thanks to its efforts to preserve its natural beauty and promote eco-friendly tourism initiatives. Mauritius, with its idyllic beaches, vibrant culture, and rich marine life, has also captured the attention of cruise operators, investing in upgrading its port facilities and promoting sustainable tourism practices.

While several IORA countries have made significant strides in developing cruise tourism, there are still untapped areas and opportunities for growth. Countries like Tanzania, Mozambique, and Madagascar, with their stunning coastlines and unique cultural attractions, hold immense potential for cruise tourism development. Similarly, the Maldives, with its pristine islands and world-renowned resorts, presents an opportunity for luxury cruise operators to explore.

Cruise tourism can bring substantial economic benefits to the IORA region, generating revenue through passenger spending on shore excursions, accommodation, and local attractions. It also creates employment opportunities in the tourism sector, including tour guides, transportation providers, and hospitality services. Additionally, the development of cruise infrastructure can stimulate local economies through construction projects, supply chain activities, and ancillary services. Cruise tourism can also contribute to the preservation and promotion of cultural heritage, as travellers seek authentic experiences and immersive cultural activities.

Recognising the potential of cruise tourism, several IORA countries have taken proactive steps to promote and develop this industry. Marketing campaigns have been launched to highlight unique offerings and attract cruise operators and passengers. Investments have been made in upgrading and constructing cruise terminals, improving port facilities, and enhancing accessibility to key attractions. Policy reforms have been implemented to streamline regulations, facilitate visa processes, and provide incentives for cruise operators to include destinations in their itineraries. IORA member states have emphasised regional cooperation and collaboration to promote cruise tourism collectively, leveraging shared resources and expertise. Additionally, several countries have adopted sustainable tourism practices, focusing on preserving natural resources, promoting eco-friendly operations, and minimising the environmental impact of cruise tourism.

As the IORA region continues to develop its cruise tourism industry, it is essential to strike a balance between economic growth and environmental preservation, ensuring the long-term sustainability of this valuable sector. By leveraging the region's diverse cultural heritage, natural beauty, and collaborative efforts, the IORA region can position itself as a premier destination for cruise tourism globally.

IORA Countries Value Cooperation over Competition

In the IORA region, cooperation has taken precedence over competition as countries recognise the economic significance of tourism. Cruise tourism fosters cultural exchange and international diplomacy, serving as a catalyst for cross-cultural understanding and favourable international relations. As passengers from diverse nations engage with local communities, economies are spurred, and a momentum for growth is created.

Acknowledging these benefits, the IORA has actively promoted cross-border dialogue to enhance cruise tourism and encourage emerging countries to adopt measures to facilitate its growth. The IORA Declaration on Facilitation of Tourism (2017) paved the way for member countries to engage cooperatively in growing the tourism sector.

This collaborative spirit is exemplified by the Nelson Mandela Bay Cruise Line Strategy (2019-2024), unveiled in 2019 by South Africa in collaboration with Australia and Mozambique, recognising the sector's importance to Nelson Mandela Bay's tourism industry. In 2022, India and Indonesia further strengthened their ties by signing an agreement to boost maritime connectivity between the Andaman and Nicobar Islands and the Sabang port in Aceh, Indonesia. During discussions in New Delhi, both countries agreed to promote sail tourism, cruise ship visits, and enhance academic and cultural linkages between the Andamans and Aceh.

These initiatives are further facilitated by the IORA's efforts to boost maritime safety and security, with several member states collaborating towards this goal. By fostering cooperation and leveraging their shared resources and expertise, IORA countries are paving the way for a thriving cruise tourism industry that not only drives economic growth but also promotes cultural understanding and diplomacy across the region.

Acknowledging the economic significance of tourism in the region, there exists a pressing imperative for inter-regional cooperation to create momentum and growth. As passengers from diverse nations engage with local communities, developing cross-cultural understanding and favourable international relations, cruise tourism fosters cultural exchange and international diplomacy, in addition to spurring economies.

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India Cruises Ahead, with Vast Potential for Growth



Figure 7: Cruise tourists arriving in India, projected up to 2028

Cruise tourism in India – for both international and domestic tourists – holds immense capacity for growth given its large population, rising affluence, growing interest in travel, and ongoing investments. India witnessed over 470,000 foreign arrivals via the cruise tourism route in 2023, which was the best performing year for the industry. Although the industry has visibly experienced consistent progress in recent years, it currently makes up less than 1% of the global cruise market[9] .

There is active government intervention to upgrade and modernise port infrastructure and accommodate the growing demand for cruise tourism. Currently, the ports of Mumbai, Cochin, Goa, New Mangalore, and Chennai serve as primary ports of call for cruise lines. The flagship New International Cruise terminal is under construction in Mumbai with an estimated cost of USD 59.88 million (INR 495 crores). Furthermore, the international cruise tourism terminal in Chennai has become operational since June 2023, with three new international cruise terminals in the Andaman, Puducherry, and Lakshadweep circuits expected to be operational by 2024.

Looking ahead, the Indian cruise market holds substantial growth potential, with prominent cruise operators like Costa Cruises, MSC, Norwegian Cruises, and Royal Caribbean Cruises slated to introduce domestic voyages in India, collectively commanding a significant share of the market. This strategic move is expected to stimulate demand and bolster the country's position as a preferred destination for cruise travellers.

Market and growth in India

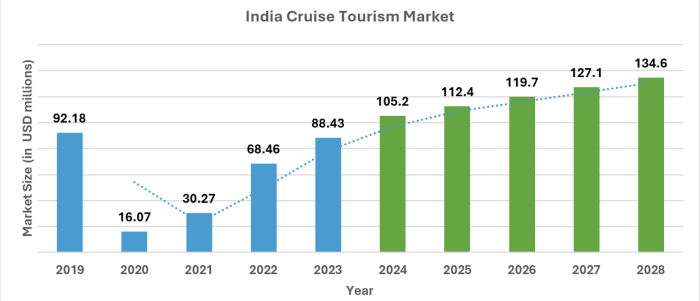


Figure 8: Market Size of Indian Cruise Tourism

The Indian cruise tourism market was valued at around USD 68.46 million in 2022, and it is expected to grow to USD 134.6 million by 2028. India has a coastline of 7,516.6 km across nine coastal states[11]. Between the period of 2017-18, 138 cruise ships called on ports in India carrying 176,000 passengers. To augment the growth of cruise tourism in India, a Steering Committee has been constituted under the chairmanship of Secretary (Shipping) that would act as a nodal body to address all issues regarding Cruise Tourism[12].

Beyond economic growth, the expansion of the cruise industry carries broader implications for employment generation and socio-economic development. Studies conducted by organisations such as the National Council of Applied Economic Research (NCAER) project that the sector has the potential to create over 1 million jobs by 2030. Additionally, India has set ambitious targets to increase cruise passenger traffic, signalling a concerted effort to leverage the socio-economic benefits offered by the cruise tourism sector.

The economic impact of cruise tourism is multifaceted, encompassing direct, indirect, and induced effects on the economy. Direct impacts include employment opportunities, GDP contributions, and tax revenues generated by cruise operations. Indirect impacts capture the economic contributions of suppliers to the cruise industry, creating a ripple effect throughout the economy. Lastly, induced impacts arise from the spending behaviour of employees and suppliers, further stimulating economic activities and generating additional GDP, jobs, and tax revenues. Collectively, these layers of economic impacts underscore the significant contribution of the cruise tourism sector to the overall economy.

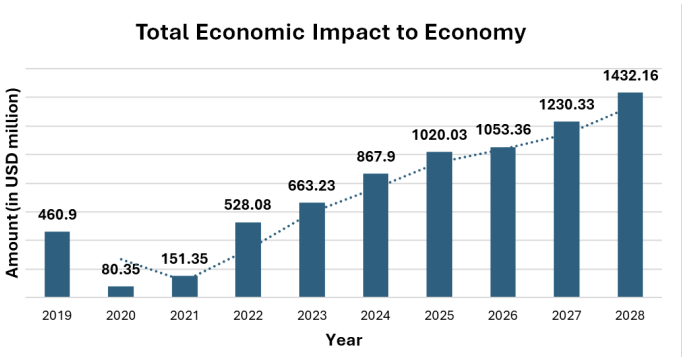


Figure 9: Estimated Economic Impact to Economy via Cruise Tourism in India

Pre-pandemic, in 2019, this emerging sector contributed USD 480.9 million to the economy, with the economic impact plummeting to just USD 80.35 million due to widespread travel restrictions and a drastic decrease in international tourism during the COVID-19 pandemic in 2020. In 2021, due to the prolonged effects of the pandemic, the sector witnessed a modest uptick in economic contribution to USD 151.35 million. This trend continued into 2022, with

the economic impact rebounding more noticeably to USD 528.08 million. Looking ahead, projections indicate a steady and robust growth trajectory from 2023 onwards, with the economic impact forecasted to reach USD 1432.16 million by 2028[13] .

The economic impact shown in Figure 9 represents the wealth generated by cruise tourism in India, which significantly contributes to the country's economy. Cruise tourism not only involves money spent by tourists on their trips but also stimulates job creation and boosts local businesses indirectly connected to the tourism sector.

From 2023 to 2025, every dollar earned from cruise tourism is estimated to generate approximately 7.5 times more in overall economic activity. This is due to the comprehensive network of services and industries that benefit from tourism, such as local artisans, restaurants, and transportation services. Starting from 2026, this effect is slightly more pronounced, with every dollar generating 8 times the economic activity. This increase reflects expected improvements in tourism infrastructure and services, making the economic ripple effects even stronger.

Additionally, the figures have been adjusted for inflation, which means they account for the general increase in prices over time. This helps ensure that the numbers reflect real growth and not just price increases.

This growth in cruise tourism and its economic impact is influenced by global trends in the industry. As cruise tourism grows worldwide, India's strategic investments in improving its ports and tourist facilities are expected to attract more visitors, thus boosting the economic benefits even further.

India's Policy Landscape for Cruise Tourism

Cruise tourism in India has seen steady growth, with the government actively promoting its development. India aims to become a top destination for deep-sea, coastal, and river cruises by leveraging its natural, historical, and cultural assets. The government is committed to expanding the maritime sector through enhanced port facilities, improved tourism and hospitality expertise, and a streamlined business environment with consistent policies. The Ministry of Ports, Shipping & Waterways (MoPSW) has outlined a comprehensive plan titled Maritime Vision 2047, aligning with GoI's Vision 2047, to develop cruise tourism and other key areas, including sustainable sector development, coastal shipping, inland water transport, ship-building infrastructure, and capacity building.

The Maritime Vision 2047 document sets goals for the Indian Cruise tourism sector[14], as showcased in Table 1:

Category	Unit	2021	2047
India's rank of passenger volume in Asia Pacific	Rank	4	1
Indian ports amongst top 20 ports for cruise services in Asia Pacific	Number	1	4
Cruise terminals	Number	6	25

Table 1: Goals for the Indian Cruise Tourism Industry (Source: Maritime Amrit Kaal Vision 2047, Ministry of Ports, Shipping and Waterways, Government of India)

The Vision document identifies 25 initiatives such as the development of cruise terminals and marinas along the east & west coast of the country and develop inland waterways for river cruises, relaxing cabotage rules, extending e-visa facility to five ports, fiscal incentives in terms of custom duty exemption on consumables, reduction in GST on tickets, and others. These are highly intersectional, involving primarily the Ministry of Shipping, the Ministry of Tourism, and the various coastal states. The Ministry of Tourism has been actively engaged in the promotion of cruise tourism as a key component of its broader strategy to boost tourism in India.

Collaborative efforts with cruise operators and state governments have been initiated to craft enticing cruise tourism itineraries. Coastal states also hold a significant role in shaping the cruise tourism landscape. They are responsible for developing tourism infrastructure, ensuring safety and security, and collaborating with cruise operators to create appealing destinations and experiences. Coastal states in India can simplify regulatory processes for cruise operators, streamlining the acquisition of permits and clearances for cruise operations. Further, as per the guidelines of the Ministry of Ports, foreign-flagged cruise ships are required to call at least one international port during their itineraries. This has been a point of contention as it limits the potential for round-trip domestic cruises.

India's policy landscape for cruise tourism is centred around the following strategic pillars:

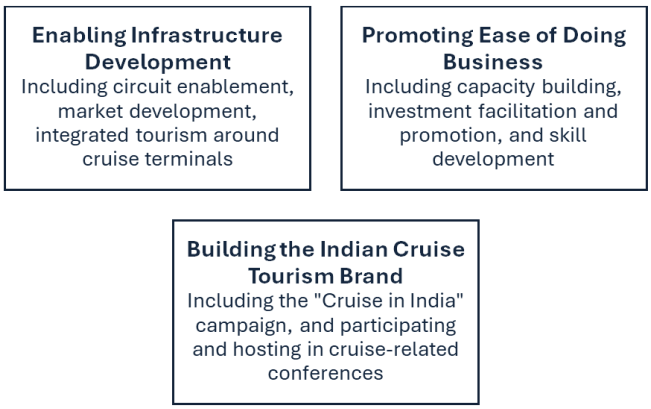


Figure 10: Pillars of Development for the Indian Cruise Tourism Industry

To promote India as a desirable cruise tourism destination, the Ministry of Ports, Shipping & Waterways (MoPSW) approved the Cruise Shipping Policy in 2008. The policy aims to provide state-of-the-art infrastructure, attract foreign and domestic tourists, and facilitate the growth of the cruise industry in India. It simplifies the procedures, reduces operational bottlenecks, provides incentives for cruise operators, and is pivotal to developing cruise terminals at major ports to accommodate larger cruise ships.

Further, a draft policy for Cruise Tourism has been formulated by the Ministry of Tourism and was released in June 2023. It proposes setting up of a National Cruise Tourism Board, which would be set up to coordinate efforts and integrate India's destinations with cruise tourism and attract investment while facilitating the development of cruise terminals. As per the draft policy, the Government will engage with stakeholders, and conduct familiarising trips, while leveraging local culture and celebrities to promote coastal and river destinations. The Government will develop an online marketplace for cruise bookings and reservations. A major role would be played by the Ministry of Tourism in terms of coordinating amongst stakeholders and advocating for ease of doing business in the sector.

In line with this, the Government has taken several other steps, such as infrastructure upgradation, rationalisation of port fees, removal of ousting charges; granting priority berthing to cruise ships; uniform SOPs for customs, immigration, CISF and ports; and providing e-visa facilities on arrival and the single e-Landing card valid for all ports in cruise itinerary valid from the first port of call till the time the ship leaves the Indian port.

Major ports like Mumbai, Goa, Cochin, Chennai, and Mangalore have been working on developing modern cruise terminals to facilitate smoother embarkation and disembarkation processes for passengers. These terminals are equipped with passenger amenities and customs and immigration facilities, and their enhanced facilities reflect their growing tourist numbers.

Further, the Government is developing new cruise tourism terminals in Andamans, Puducherry, and Lakshadweep circuits, and studying the feasibility of developing ferry circuits across India, Sri Lanka, Thailand, and Myanmar. To boost demand for cruise services on the Western, Southern, and Eastern coasts of India, the Government is working on Gujarat Pilgrimage tours, Cultural and Scenic Tours, Ayurveda Wellness Tours & Heritage Tourism[15].

The current set of policy initiatives for developing cruise tourism may be categorised under three heads: Upgradation of Infrastructure, Ease of Doing Business and Capacity Building; and Building the Indian Cruise Tourism Brand.

Infrastructure Development

To upgrade port infrastructure and connectivity, the Ministry of Shipping endorsed the 'Sagarmala' Project in 2015. This initiative plays a pivotal role in benefiting cruise tourism by improving the amenities and services accessible to cruise vessels. A specific emphasis of the project is directed towards the advancement of cruise tourism.

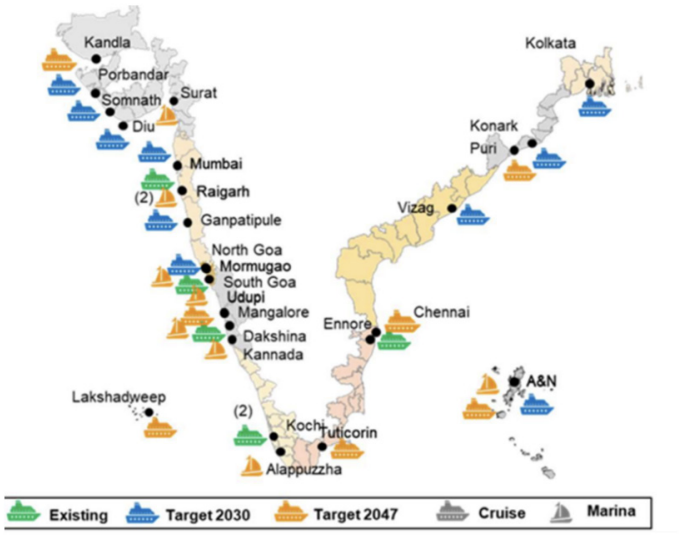


Figure 11: Targeted locations for upgrading/building Cruise terminals

As of May 2024, India has plans for 22 new non-major ports, representing a total investment exceeding Rs 1.59 trillion. There is special focus on the development of ports along the eastern coast of the country, which will facilitate the development of cruise tourism along the region, especially in Odisha and Andhra Pradesh. The ports currently under construction are encapsulated in Table 2:

State	Port	Cost (INR Bn)	Implementation
Andhra Pradesh	Ramayapatnam	37.36	EPC
	Mulapeta	43.62	EPC
	Machilipatnam	51.56	EPC
	Kakinada SEZ	36	PPP
Kerala	Vizhinjam	77	PPP
	Beypore	1.63	PPP
Odisha	Astaranga	74.17	PPP
	Subarnarekha	28	PPP

Table 2: Upcoming Cruise Ports in India (Source: Ministry of Ports, Shipping, and Waterways)

Capacity Building and Ease of Doing Business (EoDB) for the Sector

A concessional uniform single rate for all major ports has been made applicable in place of port dues, pilotage, berth hire charges, passenger fees, etc. which were charged from a ship as per the respective Scale of Rate for each major port. The initiative is aimed to maintain uniformity at all major ports with discounts ranging from 42% to 67% based on the charges entrusted by the government.

The Government has further extended the volume discount in cruise tariff up to 20% for all domestic ships and a waived the cabotage for foreign cruise vessels, which allows foreign cruise ships to transport Indian nationals from one Indian port to another during its domestic leg. Foreign flag vessels carrying passengers are allowed to call at Indian ports till February 2025 without having the need to obtain a license from the Director General of Shipping.

In August 2020, the Ministry of Ports, Shipping, and Waterways introduced the Rationalised Cruise Tariff at USD

0.085/GRT recovered for the first 12 hours of stay at berth along with a nominal passenger head tax of USD 6 per head, one of the lowest across the world.

Additionally, the Ministry of Ports, Shipping, and Waterways introduced conditional IGST exemption to foreign flag foreign going vessel when it converts to coastal run, which can substantially reduce the financial burden on foreign cruise operators, with a subject to reversal within 6 months[16].

To facilitate a favourable business environment within the sector, the government is prioritising the streamlining of customs and immigration processes for cruise passengers, ultimately enhancing the overall passenger experience. This includes the introduction of e-visa facilities and dedicated counters at ports, easing the entry and exit procedures for cruise tourists.

Recognising the importance of cruise tourism, a Task Force on Cruise Tourism has been constituted with Secretary (Tourism) as the Chairman and Secretary (Shipping) as the Co-chairman. The Task Force consists of representatives from the ports, Ministries of Health, Home Affairs, External Affairs, Customs, CISF, Coastal States, etc. and meets regularly. The task force has provided a roadmap and action plan that is needed to move India from its current position to become a preferred cruise destination in the world. On the recommendation of Task Force, Standard Operating Procedures (SOPs) have been formulated and operationalised at all major ports, and an e-tourist visa facility has been extended to passengers arriving at Mumbai, Mormugao, Mangalore, Kochi, and Chennai ports[17].

Building the Indian Cruise Tourism Brand

As an effort for Market Development and promote cruise tourism in India, the Government would promote the 'Cruise in India' sub-brand, under this, all international cruise liners and operators, international and domestic coastal cruise liners and operators, and international and domestic river cruise liners and operators will be reached out to include Indian ports and terminals as part of their route planning or for home porting in India.

Recognising the significance of environmental concerns in maritime activities, the cruise tourism sector also places a strong emphasis on adhering to environmental regulations and implementing sustainable practices. This commitment is aimed at minimising the sector's impact on coastal and marine ecosystems, ensuring the responsible growth of cruise tourism in India.

Further, in May 2022, the Ministry of Tourism and Culture organised the 1st Incredible India Cruise Tourism Conference in Mumbai, which showcased abundant business opportunities in the country's cruise tourism sector to posit India as a desired destination for cruise passengers, highlight the regional connectivity, promote building of new destinations and attractions like lighthouses and disseminate information about India's preparedness for developing the cruise tourism sector. The conference witnessed participation from many International Cruise Lines and further highlighted efforts being made by the Government of India to promote river cruising and cruise tourism[18].

The Global Maritime India Summit held in October 2023 witnessed a special session on 'Embark on a voyage to attract 50 million Cruise Passengers in India by 2047' and 'Roundtable with Cruise Lines' with participation from multiple stakeholders across the industry, international organisations, and government.

State-level Interventions on Cruise Tourism

In Kerala, the Kerala Tourism Infrastructure Limited has prepared a draft policy for launching cruise tourism and an expert committee has been formed to vet the draft and suggest amendments if any. The cruise tourism draft policy suggests the establishment of new facilities at the existing ports along the Kerala coastal line to tap cruise tourism potential. On February 14, 2021, Prime Minister Narendra Modi inaugurated India's first full-fledged international cruise terminal in Kochi. The Prime Minister stated that the inauguration of the Sagarika Cruise Terminal is expected to bring both comfort and convenience for tourists and will cater to over a lakh cruise guests[19].

In Goa, on June 21, 2023, Chief Minister Pramod Sawant, announced that a new tourism policy is in the process of getting finalised, that includes the cruise tourism policy[20]. On June 20, Chairperson of the Cochin Port Authority M Beena stated that the Centre is looking to develop Goa as part of the four theme-based coastal cruise circuits.

In Tamil Nadu, on April 23, 2023, Union Minister for Ports, Shipping, and Waterways Sarbananda Sonowal stated that the Government of India is planning to make Chennai the hub for cruise tourism on the East Coast. The Chennai Port and Cordelia Cruises signed a memorandum of understanding for a PPP in May 2022 to boost cruise tourism, and for the first time in the history of Chennai Port, a continuous cruise service was operated from June to September 2022, the Minister stated. He further added that 87,000 passengers from 37 cruise tourism operators visited Chennai Port in the past few years[21].

Finally, in Andhra Pradesh, Union Minister Sarbananda Sonowal inaugurated the Visakhapatnam International Cruise Terminal (VICT) in Vishakhapatnam at a cost of USD 11.16 million (INR 96.05 crores). The Union Minister stated that the VICT will contribute significantly to the development of both Visakhapatnam and the State by increasing international tourist arrivals and with a robust communication gateway, the revamped marine waterways are likely to help the port city become a major hub for cruise tourism. He further stressed that the Centre is committed to developing world-class infrastructure to support and enable the growth of cruise tourism and maritime trade[22].

IORA Countries have Immense Opportunity to Become Global Cruise Tourism Leaders

India cruise market as the potential to grow ten folds over the next decade , driven by rising demand and disposable income. The government of India realises this potential and is determined to position India as a global cruise hub with state-of-art infrastructure for both ocean and river cruises~ **Union Minister of Port, Shipping, Sarbananda Sonowal , May 2022**

India's G20 Presidency, with meetings held at prime tourist destinations, has significantly elevated India's profile on the global tourism map. The events fostered enhanced cooperation among governments, the private sector, and various stakeholders to attract high-end travellers.

A key focus at the G20 summit was the burgeoning cruise tourism sector. Participants discussed methods for harnessing cruise tourism to transform global travel, as it offers a unique blend of leisure, comfort, and exploration. The advantages and challenges of this sector's growth were examined, highlighting its impact on regional economies, infrastructure development, and cultural preservation. Ethical considerations, such as minimising environmental impacts and fostering respectful interactions with host communities, were emphasised[23] . The G20 meetings underscored the dynamic changes brought about by cruise tourism while advocating for sustainable growth and positive outcomes for both travellers and destinations. These discussions further reinforced the importance of balancing tourism growth with sustainability.

The G20 Tourism Working Group has identified five critical areas that hold the key to unlocking the vast potential of the tourism industry across G20 nations: Green Tourism, Digitalisation, Skills Development, Supporting Tourist MSMEs, and Destination Management. Remarkably, these priorities align seamlessly with the strategic objectives of IORA countries in their efforts to encourage and foster the growth of the burgeoning cruise tourism sector.

Given this significant convergence of priorities and the immense opportunity presented by the rapidly expanding global cruise tourism landscape, IORA nations are well-positioned to capitalise on this synergy. By embracing and implementing strategic interventions across these five pathways, IORA countries can pave the way for transformative growth, positioning themselves as premier destinations in the flourishing realm of cruise tourism.

Transforming IORA Countries as the Most Desirable Tourist Destinations

Transforming IORA countries into major cruise tourism destinations requires a two-pronged approach that prioritises the development of world-class port infrastructure and robust supply chain management systems.

Firstly, strategic investments in upgrading and expanding existing ports, as well as constructing new state-of-the-art cruise terminals, are essential to accommodate the growing demand for cruise tourism in the region. These facilities must be equipped with modern amenities, efficient passenger handling capabilities, and seamless connectivity to inland destinations.

Secondly, streamlining supply chain operations is crucial to ensure a seamless flow of essential goods and services to support the cruise industry. By optimising logistics networks and fostering collaboration among stakeholders, IORA countries can enhance their competitiveness and attractiveness as premier cruise destinations.

Port & Allied Infrastructure Development

Accelerating the development of new terminal ports is crucial to galvanizing premier international cruise transforming in the IORA region. IORA countries should prioritise the development of new small and medium terminal ports designed specifically for passenger arrivals. These ports must be equipped to handle the large volumes associated with major cruise liners, which typically carry around 3,000 passengers. Appropriate facilities, infrastructure, and activities to support and encourage cruise tourism and enhance the visitor experience are also essential[24] . This includes the establishment of suitable docking amenities, related transportation infrastructure, and associated facilities in the vicinity of terminals. It also includes the presence of conveniences such as shops, eateries, and bars around the terminal. Furthermore, it involves activities and strategies aimed at improving the tourist experience and promoting return visits.

The integration of appropriate mixed uses in the locality of the cruise terminal is another important consideration[25]. This pertains to the combination of different land applications in the vicinity of the cruise terminal, such as retail and

recreational/cultural activities, and how they can be best merged with cruise tourism operations. It also involves a comprehensive review of spatial planning strategies and how they apply to cruise tourism, including the amplification of uses. Adequate pedestrian access is also crucial, enabling foot traffic to explore the broader vicinity of the cruise terminal, inclusive of the waterfront. This offers distinct advantages to both tourists and local residents and aligns with broader accepted standards concerning sustainable architecture and land utilisation.

Furthermore, it is vital to enable the development and promotion of in-land tourist destinations within 50-100 kilometres of cruising ports and terminals[26]. This will encourage cruise tourists to visit these destinations, creating local demand and thereby employment. Areas of riverfront, coastal front, and terminal front beautification can be identified, and the possibility of creating local marts on a Public-Private Partnership (PPP) mode in coordination with local state governments, ports, river authorities, or local municipalities should be explored.

In India, cruise tourism may be interlinked with the SagarMala initiative to unlock greater interconnectedness of seaports and in-land waterways. For example, the riverfront and in-land waterway infrastructure of the River Ganga may be enhanced as a joint project of the Ministry of Tourism and Ministry of Ports to enable tourists docking in Kolkata to travel up-river to Banaras on a pilgrimage cruise.

Supply Chain Development for Allied Industries

Optimising logistics distribution centres is crucial to enhancing the efficiency of supply logistics for cruise ships. Strategically located logistics distribution centres should be developed to serve as final hubs for ship supplies. These centres should be well-coordinated to ensure the timely and efficient delivery of food, beverages, fuel, and other essential supplies to cruise ships.

Addressing supply chain challenges and overcoming logistical hurdles is also essential to ensure smooth operations. Implementing strategies to mitigate supply chain challenges, such as long booking windows, purchase restrictions, and inventory issues, is paramount. This could include flexible procurement policies, better forecasting methods, and improved storage solutions for perishable goods.

Furthermore, ensuring quality and safety in procurement is vital. Stringent monitoring systems should be established for the procurement and delivery of perishable goods from local vendors to cruise distribution centers and ships. This will ensure quality and safety, as modifications cannot be made once the ship has departed.

Women Entrepreneurs and MSMEs are poised to lead the Cruise Tourism Charge

Inclusion of women in the cruise industry is essential for fostering a diverse and inclusive workforce. At the IORA level, governments can make efforts to address issues such as creating safe working environments, women in leadership positions, and gender pay gaps. Promoting gender equity in the cruise industry would contribute to a more diverse, innovative, and resilient industry, one that is better able to absorb shocks to the industry.

The cruise tourism industry presents immense potential for greater inclusion and empowerment of women entrepreneurs on shore, especially in developed ports with advanced infrastructure. Unlocking this potential requires a multifaceted approach that addresses the systemic barriers women often face in entrepreneurship.

Providing comprehensive education and training is paramount, emphasising the importance of digital presence and the effective utilisation of technological tools in today's business landscape. Moreover, governments must implement robust gender mainstreaming guidelines that offer concrete recommendations for achieving the Sustainable Development Goals, particularly Goal 5 – Gender Equality and Women's Empowerment – and the objectives of international women's rights treaties. Instilling confidence, skills, and entrepreneurial mindsets in young girls through gender-neutral and women-focused entrepreneurship education programs is vital to cultivating the next generation of successful female business leaders.

Access to financial capital remains a significant hurdle for women entrepreneurs, who often face greater challenges than their male counterparts in securing funding. Concerted efforts must be made to ensure that entrepreneurship ecosystems reflect the diverse needs of women entrepreneurs, fostering an environment that enables their success and growth.

Furthermore, it is crucial to make the cruise sector itself a more equitable and inclusive industry for women. This can be achieved by actively seeking out women-owned businesses and minority-owned enterprises for procurement opportunities, thereby encouraging diversity among cruise industry suppliers and contractors. Collaboration with industry associations and organisations is essential to share best practices and develop industry-wide standards for gender equity and inclusion in the cruise sector. Creating leadership development programs specifically aimed at grooming women for leadership roles within cruise companies can help break through glass ceilings and foster a more diverse and representative workforce.

Empowering local communities and micro, small, and medium enterprises (MSMEs) is essential for promoting truly sustainable and responsible cruise tourism. The industry holds immense potential to uplift and empower a diverse array of local stakeholders - from farmers and fishing communities to artists, tourist guides, translators, cultural performers, boat operators, builders and recyclers, and transporters. By integrating these vital community members into the tourism value chain, cruise tourism can serve as a powerful catalyst for broad-based economic development, cultural preservation, and environmental stewardship in destination areas.

Governments in the IORA region must take a proactive role in facilitating this integration, engaging with local authorities to

encourage fam trips, advertising, marketing collaterals, and contests in target markets. Additionally, collaborative efforts with local celebrities of cruise tourism destinations can be leveraged to develop compelling stories and promotional campaigns centered around local culture, heritage, and attractions. By deploying homegrown ambassadors, destinations and cruise lines alike can enhance their appeal and authenticity.

Cruise Tourism Development Must Integrate Sustainability and Net-Zero Emissions as Key Goals

The government plays a pivotal role in harnessing the potential of the blue economy and promoting green tourism practices to transform the cruise industry into a sustainable and environmentally responsible sector. By promoting the Blue Economy Framework, the government can foster sustainable economic growth in the maritime sector, optimally utilising maritime resources such as living and non-living resources, tourism, and ocean energy. Implementing the Blue Economy policy drafted by the Ministry of Earth Sciences is crucial, as it provides a comprehensive roadmap for sustainable development in coastal areas, encompassing national accounting frameworks, coastal marine spatial planning, fisheries, aquaculture, manufacturing, trade, skill development, logistics, infrastructure, coastal mining, offshore energy, and international engagement.

Moreover, aligning tourism efforts with the United Nations' Sustainable Development Goal 14 (SDG14) 'Life Below Water' is imperative. This goal emphasises the conservation and sustainable use of oceans, seas, and marine resources, making it a natural fit for the cruise industry. To achieve this, the government must invest in sustainable infrastructure that reduces the environmental footprint of cruise tourism. This includes developing green terminals and sustainable transportation options to minimise energy waste and water pollution. These infrastructure investments should be guided by the principles of circular economy, promoting resource efficiency and sustainability.

Furthermore, the government must take proactive measures to enhance clean marine ecosystems and ensure the preservation and cleanliness of marine environments. Combating marine plastic pollution at both national and regional levels is crucial, as clean and healthy marine ecosystems are vital for sustainable tourism and the well-being of coastal communities. Implementing comprehensive measures to maintain these ecosystems will not only benefit the environment but also contribute to the long-term viability and appeal of cruise tourism destinations.

Operational Sustainability Initiatives

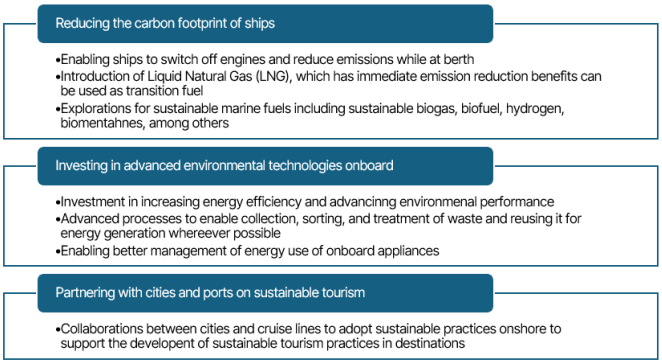
Facility placement is a primary method for ensuring sustainability from an operational perspective. Placing cruise facilities in locations that minimise environmental impact involves selecting sites away from ecologically sensitive areas such as coral reefs, mangroves, and marine protected areas to avoid disrupting local wildlife habitats and migration routes. Further, ensuring that cruise terminals are close to existing infrastructure like transportation hubs and utilities reduces the need for extensive new construction, which can harm the environment, and supports better management of passenger flow, reducing congestion and related environmental pressures.

Ensuring suitable SOPs for Lighting, HVAC, Water Supply and Wastewater Management[27] are further key initiatives for ensuring that ports and facility operations are sustainable. This includes utilising sustainable building materials for cruise facilities, such as recycled or locally sourced materials with lower carbon footprints, can significantly reduce environmental impact, guided by green building certifications like LEED. Incorporating energy-efficient systems like solar panels, wind turbines, and energy-saving lighting, as well as maximising natural light and ventilation, lowers overall energy consumption. Advanced water management systems including greywater recycling, rainwater harvesting, and efficient wastewater treatment are crucial for conserving water and protecting local water quality.

Lastly, prudent planning of Sacrifice Areas[28] is critical. This involves establishing designated zones for development helps protect sensitive regions from construction and operational impacts by concentrating activities in specific areas, thereby minimising the environmental footprint elsewhere. Implementing mitigation measures, such as artificial reefs or mangrove restoration, within these zones can offset environmental impacts and support local biodiversity. Additionally, investing in environmental offset projects, like funding conservation programs or supporting reforestation and marine protection initiatives, helps balance out the environmental costs of development in these sacrifice areas.

Net-Zero Carbon Cruising

To tackle climate change, carbon-neutral strategies are crucial. Like other modes of transportation, the cruise sector contributes to greenhouse gas emissions, especially carbon dioxide (CO2). These emissions are a significant contributor to global warming and its effects, such as sea level rise, harsh weather, and ecological damage. For the industry to reduce its overall carbon footprint and reach global climate targets, carbon neutrality must be attained. Environmentally delicate places, such as coastal regions, islands, and marine ecosystems, are frequently used for cruise tourism. These ecosystems are susceptible to the negative effects of carbon emissions on the environment, such as ocean acidification and warming of the oceans.



Benefit of carbon-neutral tourism on IORA countries

Net-zero carbon cruising policy measures can benefit countries in the region including the Africa, South-Asia and Middle East nations like Madagascar, India, Somalia, Yemen, and the United Arab Emirates, which are the most vulnerable states to climate change.

The rise in sea-level poses a challenge for many nations around the Indian-Ocean, as cities are prone to submerge under water at an alarming rate. Attending to the need of a carbon-neutral cruising will provide the governments more time to deal with the issue and can help eventually control it.

Countries around the Indian Ocean have a rich biodiversity of flora and fauna, which is getting affected by the rising temperatures in the ocean brought on by the cruises. Thus, carbon-neutrality will ensure a suitable environment for the natural heritage of these countries.

Fisheries and aquaculture are priority areas for many countries including India, Bangladesh, Maldives, Seychelles, and Malaysia. Carbon-fuel leading to marine pollution is posing a threat to the fisheries sector as well.

Exploration of Public-Private Partnerships to Facilitate Cruise Tourism

Fostering innovation through public-private partnerships is crucial for promoting sustainable and effective cruise tourism. Collaboration among stakeholders, including government bodies, private infrastructure developers, port users (such as exporters and traders), and vocational training institutions, can drive the development of new technologies, experiences, and practices that enhance the cruise tourism industry.

The Government of India is actively encouraging private sector investment and participation in both the management and development of existing projects and the establishment of new ones. This approach includes promoting public-private partnerships (PPPs) to develop and operate cruise terminals and related infrastructure. The effectiveness of this strategy is evident in the implementation models of upcoming ports, which are either sanctioned or under construction. The PPP model enhances operational and construction efficiency, creates employment opportunities more effectively than a public sector model, and improves the quality and capacity of services available.

Several greenfield ports, developed under the PPP model, hold significant potential for cruise tourism, leveraging the cultural capital of their respective states. A comprehensive list of Indian ports being constructed under the PPP model is presented in Annexure 2.

Enhanced Private Sector Involvement

An engaged private sector can further boost the domestic economy by offering services such as entertainment, hospitality, and catering, which are integral to onshore cruise tourism.

For instance, a report by Oxford Economics on the global impact of Airbnb underscores the substantial role the private sector, supported by government initiatives, plays in providing essential services. The report highlights the significant contribution of short-term rental platforms to India's tourism sector, adding over USD 920 million to the Gross Domestic Product (GDP) and supporting more than 85,000 jobs in 2022[29]. This economic impact has more than doubled since 2019, despite challenges posed by the COVID-19 pandemic and international travel restrictions. The study emphasises the multiplier effect of guest spending within local communities, with expenditures in 2022 amounting to USD 815 million across transportation, dining, and retail sectors – more than double that of 2019. Goa emerged as the top destination, with nearly USD 190 million in guest spending, followed by Bangalore, Delhi, Mumbai, and Manali.

The report also highlights the significant contributions of domestic tourism, with guest spending in 2022 reaching USD 670 million, representing approximately 82 percent of total guest expenditure in India and a three-fold increase from 2019.

Way Ahead

The vast Indian Ocean represents a reservoir of untapped potential, brimming with cultural wealth, unspoiled coastlines, and thriving aquatic ecosystems. It presents an enticing opportunity for luxury liners to traverse its azure expanse, offering tourists unforgettable voyages. Realising this vision necessitates the IORA to implement a comprehensive strategic plan that harnesses the power of collaboration, fostering regular policy dialogues between member states to streamline visa procedures, unify security protocols, and collectively market the region's stunning diversity.

Concurrently, substantial infrastructure investments are paramount to transform ports into welcoming gateways, accommodating grand cruise ships through modernisation and expansion, ensuring seamless connectivity between ports and tourist destinations. Cruise tourism thrives symbiotically with a thriving local economy and, therefore, it is critical to form partnerships between cruise lines and local businesses. This enables the integration of locally-sourced offerings, crafts, and cultural performances, injecting revenue directly into communities while preserving environmental sustainability through rigorous standards and encouraging cruise lines to adopt eco-friendly practices. Empowering women and youth entrepreneurship and building a skilled, diverse workforce through training programs in hospitality is pivotal. Embracing cutting-edge technology, data analytics, and innovative financing mechanisms like public-private partnerships will propel operational streamlining, personalised tourist experiences, and sustainable infrastructure development.

Ultimately, IORA's role extends to facilitating authentic cultural exchanges, continuously monitoring impact, and striking a harmonious balance between economic growth, environmental conservation, and community development, thereby transforming the Indian Ocean into a premier, responsible cruise tourism destination that unlocks prosperity for the entire region.

Annexure

Yearly Cruise Arrivals at Indian Ports (FY2022 to FY2024)

Year	Name of Port	International		Domestic		Total	
		No. of vessels	No. of Pax	No. of vessels	No. of Pax	No. of vessels	No. of Pax
2021-22	Mumbai	0	0	47	98342	47	98342
	Marmugao	0	0	18	23503	18	23503
	New Mangalore	0	0	09	0	0	0
	Cochin	0	0	1	14004	9	14004
	Chennai	0	0		70	1	70
	Vizag					0	0
	Total	0	0	75	135919	75	135919
2022-23	Mumbai	20	12058	71	178374	91	190342
	Marmugao	15	6945	31	81426	46	88371
	New Mangalore	6	2635	0	0	6	2635
	Cochin	16	6345	15	30058	31	36403
	Chennai	3	1043	35	85499	38	86542
	Vizag			15	22459	15	22459
	Total	60	29026	167	397816	227	426842
2023-24	Mumbai	27	36874	91	247020	118	283894
	Marmugao	18	15700	35	62084	53	78504
	New Mangalore	8	4285	0	0	8	4285
	Cochin	25	20843	17	32072	42	52915
	Chennai	12	20642	20	31445	32	52087
	Vizag	0	0	0	0	0	0
	Total	90	98344	163	373341	253	471865

Ports in India Being Constructed Under the Public-Private Partnership (PPP) Model

State	Port	Capacity	Cost (Rs billion)	Current Status
Andhra Pradesh	**Kakinada SEZ**	**16 mtpa**	**36**	**Under construction**
Gujarat	Devbhumi Dwarka	100 mtpa	106	Awarded
	Nargol	1.2 mtpa	38	Awarded
Karnataka	Belekeri	30 mtpa	41.18	Awarded
	Pavinkurve	14 mtpa	30.47	Bidding
Kerala	Azhikkal	4.05 mtpa	20	Announced
	Beypore	–	1.63	Under construction
	Ponnani	4 mtpa (Phase I)	18	Announced
	Vizhinjam	24 mtpa	77	Under construction
Maharashtra	Murbe	–	42.59	Bidding
	Rewas	66 mtpa	66	Announced
	Vadhavan	298 mtpa	762.2	Awarded
Odisha	Astaranga	17.7 mtpa	74.17	Under construction
	Riverine	18.4 mtpa (Phase I)	21.1	Announced
	Subarnarekha	25 mtpa (Phase I)	28	Under construction
West Bengal	Kulpi	–	30	Announced
	Tajpur	–	72.05	Awarded

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Endnotes

1 Direct Effect: Company employs staff and generates GDP and tax for authorities. For example, in the cruise industry, direct employment would be jobs on the cruise ships, such as crew members, captains, and hospitality staff.

2 Indirect Effect: Indirect impacts are the result of the company's purchases from other businesses. These are the jobs created in industries that supply goods and services to the company. In the case of the cruise industry, indirect employment includes jobs at companies that supply food for the ships, manufacture parts for ship repairs, or provide logistical support like fuel or port services.

3 Induced Impact: Induced impacts arise when employees from the direct and indirect sectors spend their wages in the broader economy. This spending supports additional employment across various sectors such as retail, education, health services, and more. For example, a cruise ship engineer spending their salary on home improvements supports jobs in the construction industry.

4 "About IORA," Indian Ocean Rim Association Online, accessed August 22, 2023, https://www.iora.int/en/about/about-iora.

5 Consultant's calculations.

6 The UN World Tourism Organisation's Inbound Tourism data reveals that for many major Indian Ocean rim countries, cruise tourism represents less than 1% of tourist arrivals, and the average weighs heavily due to cruise-friendly nations such as Indonesia (22%), Madagascar (11%), and Singapore (10%).

7 Data Sources: UNWTO Tourism Database, Singapore Maritime Board, Tourism Boards (Malaysia, Thailand, Australia)

8 Data Sources: UNWTO, Tourism Department of Seychelles, South Africa, Mauritius and MoPSW, India

9 Ministry of Ports, Shipping, and Waterways, Government of India (2023). Maritime Amrit Kaal Vision 2047.

10 Extrapolated based on current data of MoPSW

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13 Methodology: Total Impact on Economy has been calculated based on the multiplier effect of revenue in cruise tourism (average 6x), linear growth compounded by inflation rate over the year.

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29 Airbnb contributed over INR 72 billion to the Indian economy in 2022