

Research Focus

<<Japan-India Human Exchange Research Series ①>>

2017 June

Current structure and outlook of Indian visitors to Japan

~ Indian visitor to Japan is expected to reach 1 million in 2030s~



2017

The Year of Japan-India
Friendly Exchanges

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(*) I would like to express my special thanks to Mr. Ratul Rana (Sumitomo Mitsui Banking Corporation) for continuous productive discussions and helpful comments.

Structure of material and summary

<Introduction>

- The government of Japan aims to increase Japan visitor to 40 million/60 million in 2020 /2030 from 24 million in 2016 and India is regarded as important target country. Although India has a huge potential, the number of Japan visitors was only 123 thousand in 2016.
- With the 2017 being declared as “Year of Japan –India Friendly Exchanges” , it may be a good timing to consider how to enhance Indian visitors to Japan.

<Facts pertaining to Indian international departure>

- More than 98% Indian went abroad by air flight in 2015 and Mumbai, and Delhi were the main ports of departure.
- Travel trail demonstrated a preference to visit countries having higher numbers of Non-Residential Indian(NRIs) and Person of Indian Origin (PIOs).
- As for visit to other Asian countries, the number of visitor to Thailand was found to be recovering/increasing due to political stability after coop in 2014. Visits to Malaysia and Singapore were observed to remain constant.

<Stylized features of Indian visitors to Japan>

- Compared with visitor from the world, visitors from India had a higher share of a) business people , b) male, c) age 30-39, and d) first time visitor. Reflecting the higher share of business people, Indian’s destination was concentrated to Tokyo capital area.

<Current major constraints for Japan visit for Indian people>

- a) Higher air ticket price and longer flight duration reflecting geographical distance, b) India’s lower income, c) relatively weak economic relationship between Japan and India, d) Japan’s visa requirement for Indian citizen, e) inconvenience in staying in Japan (example: fewer vegetarian restaurant, and lack of English capability) might be the major constraints of Japan visit for Indian people.

<Outlook: Impact of India’s Income growth>

- Based on the simple calculation, reflecting increase in working age population and per capita income, the number of Indian visitor to Japan is expected to reach 1 million in the second half of 2030’s from 120 thousand in 2016 regardless of other constraints. Having stated this, the number of Indian visitors to Japan could be much larger than this projection, provided Japan can present a more conducive/enabling environment for Indian tourists.

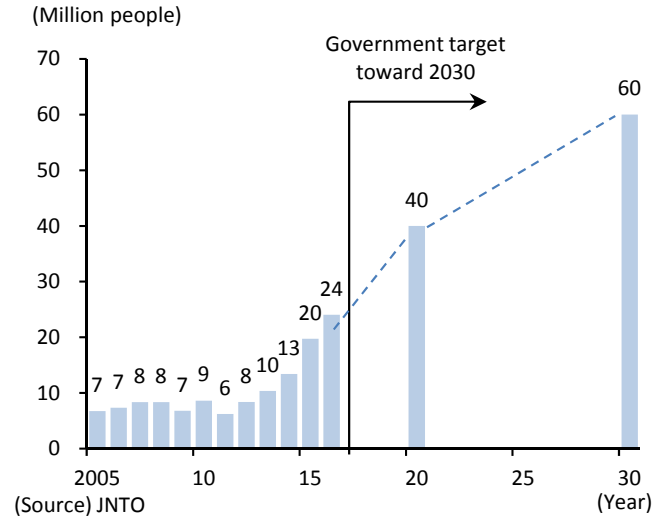
<Increasing the number of Indian visitors to Japan>

- Presently, the JNTO focuses on high income households in New Delhi and Mumbai to promote Japan visit . Given the increasing levels of disposal income, State like Tamil Nadu, Karnataka, Gujarat, Kerala, Telangana, Haryana etc. can be strategically target.
- Advertising Japanese subculture, promotion for investment from India in IoT (Internet of Things) areas, further relaxation /simplification of visa requirement for short term stay could contribute to further increase in Indian visitor to Japan.

Introduction

- The number of foreign visitors to Japan has been increasing significantly since 2012. This was mainly due to promotional campaigns, relaxation for visa requirement for short term stay, depreciation of Japanese Yen and economic growth in originating countries. The government aims to achieve 40 million people to visit Japan in 2020 and 60 million people in 2030.
- Owing to a young and large population, India holds high potential. Accordingly, India is included to the Japan National Tourism Organization (JNTO)'s 20 major strategic target countries. However, the number of Japan visitor was only 123 thousand in 2016.
- With year 2017 being declared as the "Year of Japan – India Friendly Exchanges", timing may be right to consider ways and means to enhance Indian visitors to Japan.

Japan visitor
(Actual and target by 2030)

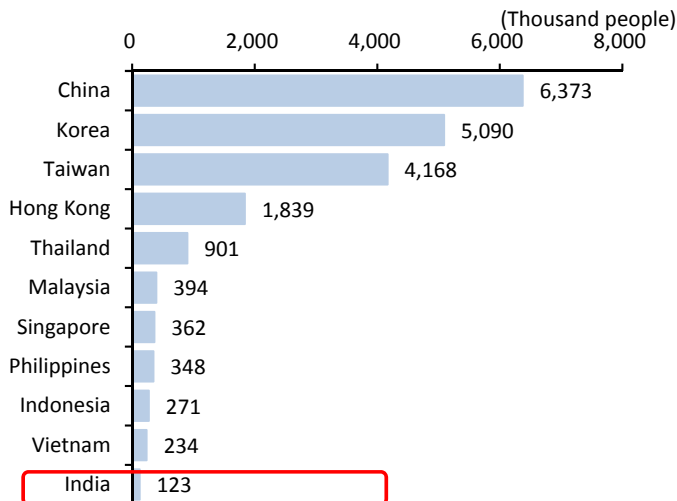


JNTO's 20 major strategic target countries and population (2016)

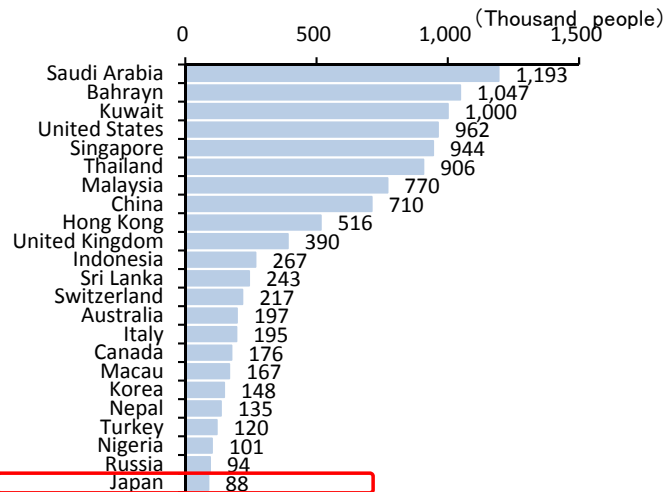
Country	Population (million)	Country	Population (million)
Korea	51	India	1,309
China	1,383	Australia	24
Taiwan	24	USA	323
Hong Kong	7	Canada	36
Thailand	69	UK	66
Singapore	6	France	65
Malaysia	32	Germany	83
Indonesia	259	Italy	61
Philippines	104	Russia	143
Vietnam	93	Spain	46

(Source) JNTO, IMF

Japan visitor from Asia (2016)



Indian international departure (2014)



About the year of Japan – India friendly exchanges

Issue	Contents
Back ground	During the visit of H.E. Mr. Narendra Modi, Prime Minister of India to Japan in November 2016, the two Prime Ministers agreed to mark the year 2017 as a year of Japan-India friendly exchanges to further enhance people-to-people exchanges between Japan and India.
About this research	This research reports is registered as the event of celebrating the Year of Japan-India Friendly Exchanges

(Source) Ministry of Tourism



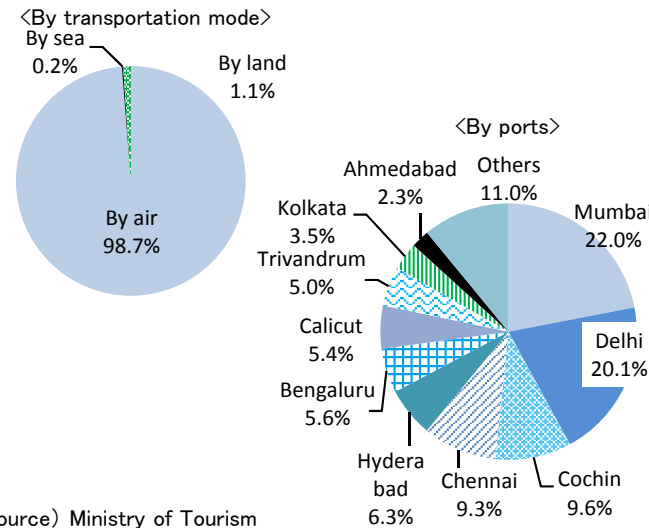
2017

The Year of Japan-India
Friendly Exchanges

Facts pertaining to Indian international departure

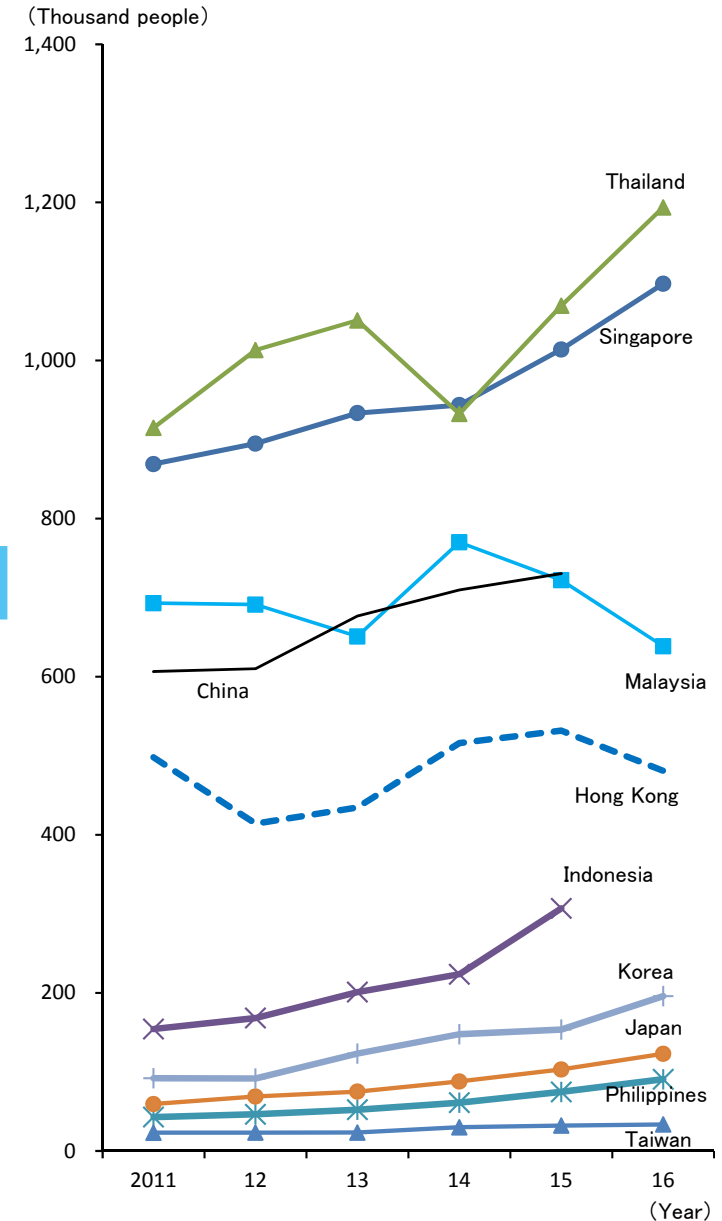
- According to the statistics on the Ministry of Tourism in India, more than 98% Indian people went abroad by air flight in 2015 and Mumbai, and Delhi were the main ports of departure.
- Indian people have a tendency to visit which had high percentage of Indian diaspora i.e., Non-Residential Indian(NRIs) and Person of Indian Origin (PIOs).
 - NRIs: Indian citizens who stay abroad (Their citizenship is Indian)
 - PIOs: The person's parents, grandparents or great grandparents were born (They don't have Indian citizenship)
- As for visit to Asian countries, the number of visitor to Thailand has been recovering/increasing due to political stability after coup in 2014. Visits to Malaysia and Singapore were found to be stagnating.

Indian international departure by transportation mode and by ports (2015)

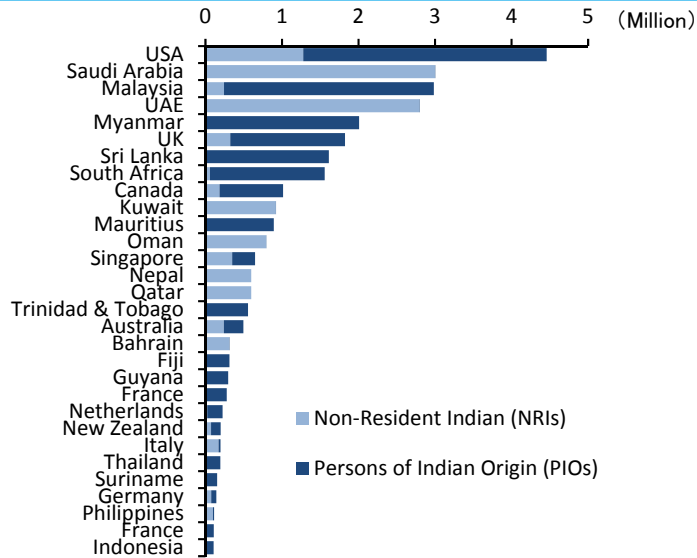


(Source) Ministry of Tourism

Indian visitor to Asia

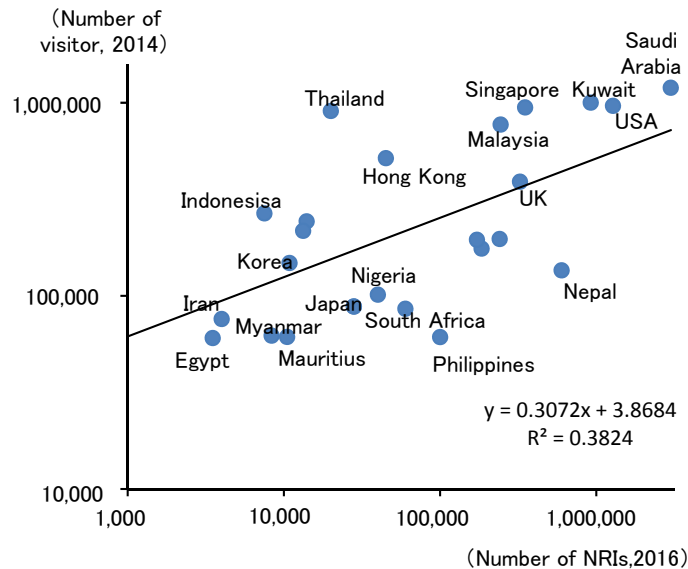


Non-Residential Indian and Person of Indian Origin (2016)



(Source) Ministry of External Affairs

Non-Residential Indian and Indian visitors

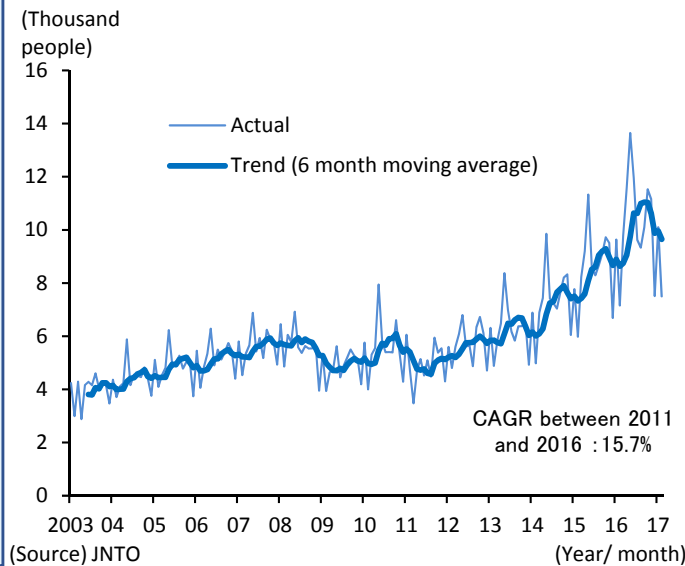


(Source) Ministry of External Affairs

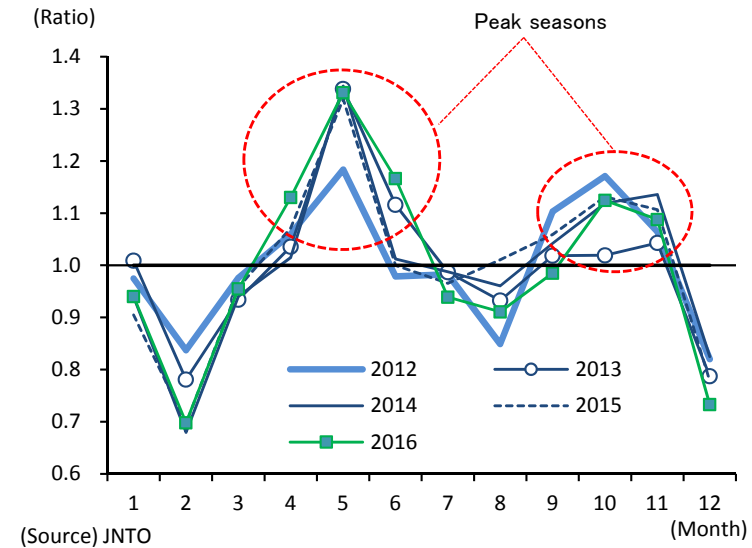
Stylized features of Indian visitors to Japan

- The number of Indian visitors to Japan increased to 123 thousand in 2016 from 59 thousand in 2011. The Compound Annual Growth Rate (CAGR) between 2011 and 2016 was 15.7%, lower than visitor from world (31.1%).
- Reflecting Indian holiday structure, April-June, and September –November are the peak seasons.
- Compared with visitor from world, Indian visitors had a higher share of a) business people, b) male, c) age 30-39, and d) first time visitor. With higher share of Indian visitors coming on business, high concentrating of visits to Tokyo capital area was observed.

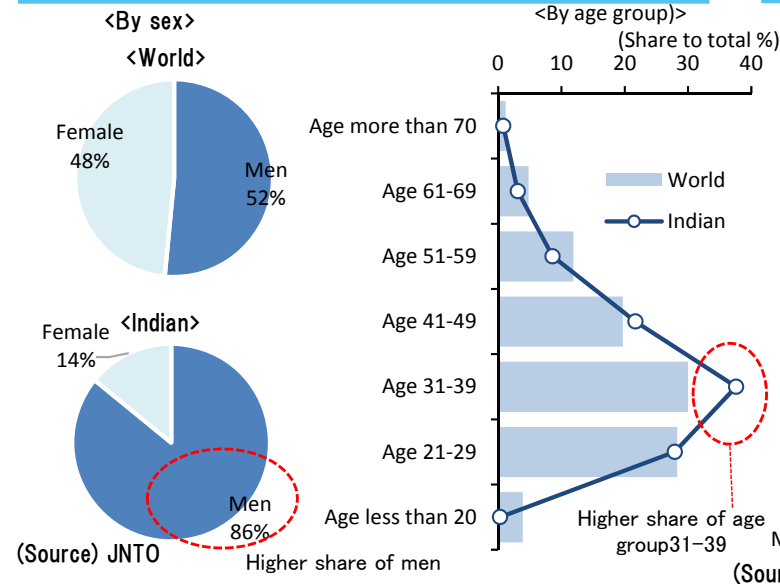
Indian visitor to Japan



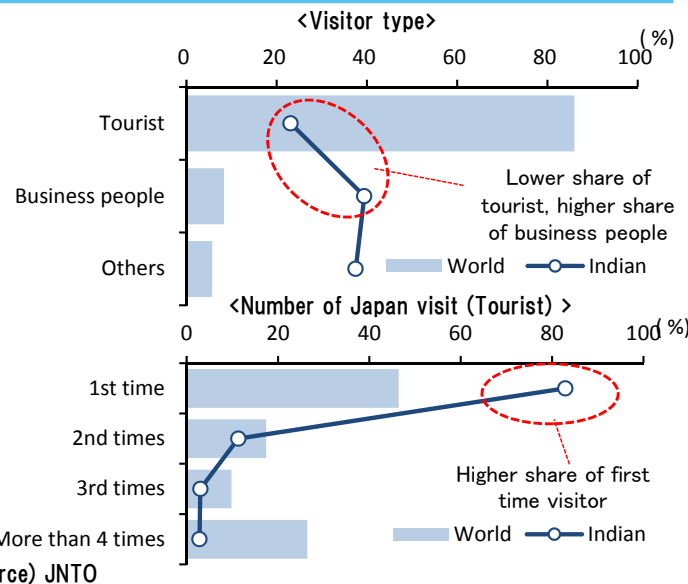
Indian visitor to Japan by month
(Ratio to annual average)



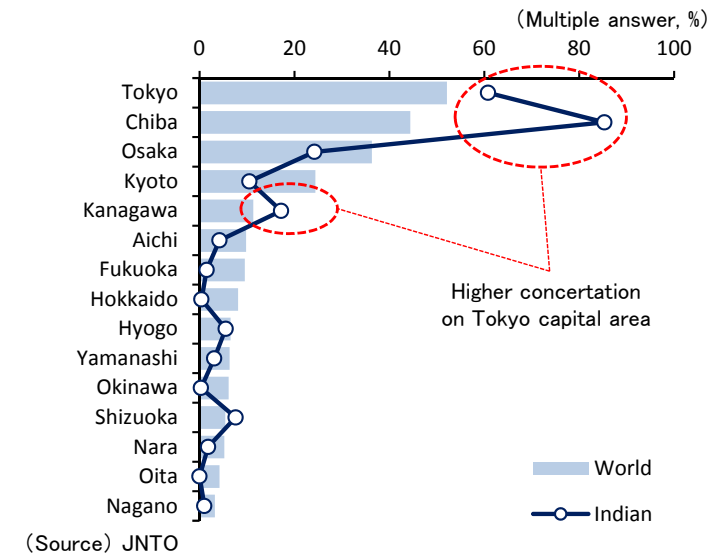
Japan visitor by age and sex (2015, % to total)



Japan visitor by type (2015)



Destination during Japan visit (2015)



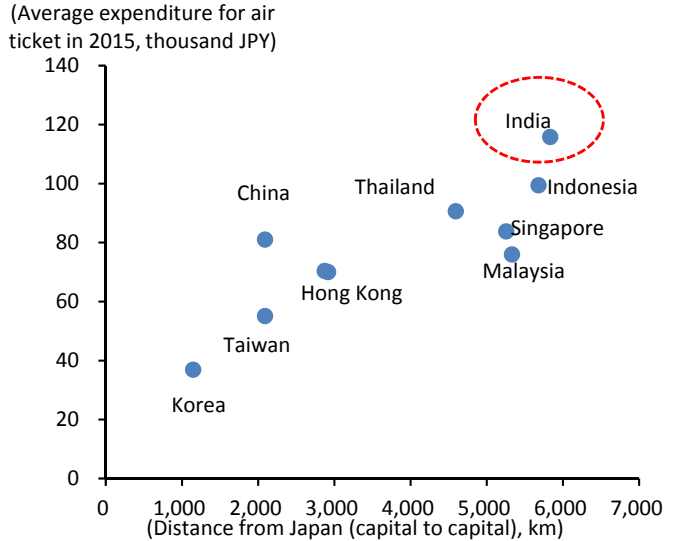
Current major constraints for Japan visit for Indian people



- Indian visiting Japan were faced with several constraints.

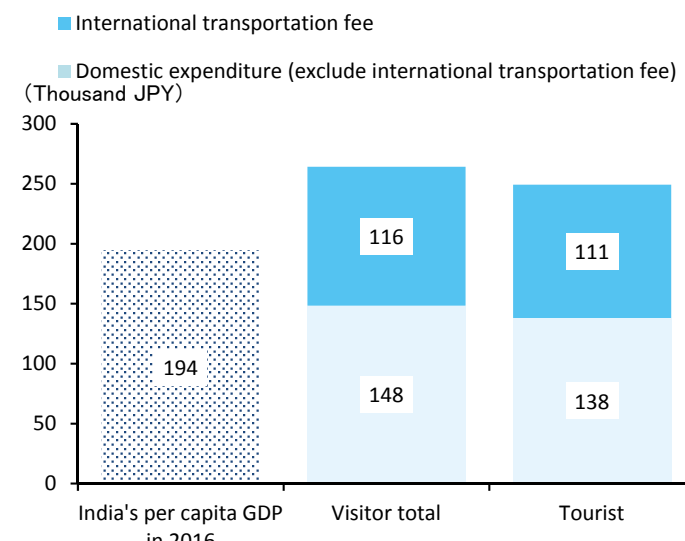
 1. Long distance resulting in costlier flight tickets and longer flight hours.
 2. Income levels of Indian are still not high enough. The JNTO's survey observed that average cost of visiting Japan in 2015 was 264 thousand JPY (ca. US\$ 2,200) but, India's per capita GDP in the same year was 194 thousand JPY (US\$ 1,616).
 3. Relatively weak economic relationship may have a causal effect.
 4. The process of obtaining Visa for short stay, fewer number restaurants for vegetarian, and language barrier are some other challenges encountered by Indian visitors.

Geographical distance from Japan and average expenditure for air rickets (2015)



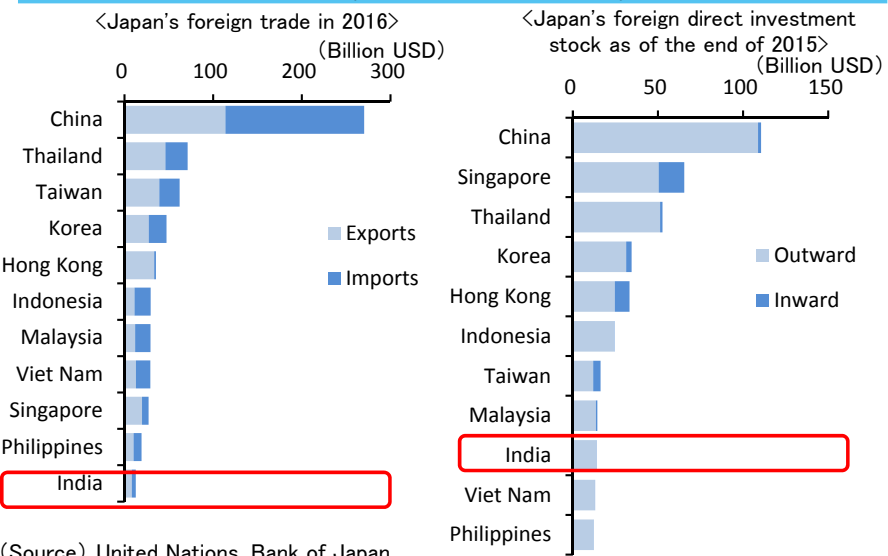
(Source) JNTO, CEPII

India's per capita GDP (2016) and Indian's average expenditure for Japan visit (2015)



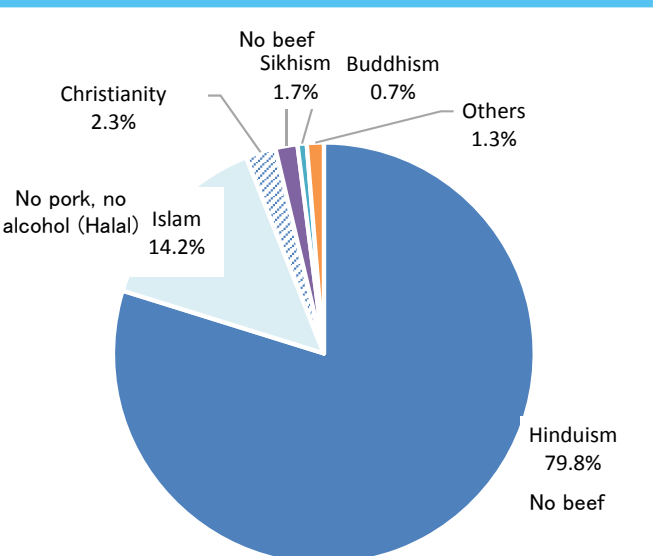
(Source) Cabinet office, JNTO

Japan's goods foreign trade (2016) and foreign direct investment stock (as of the end of 2015)



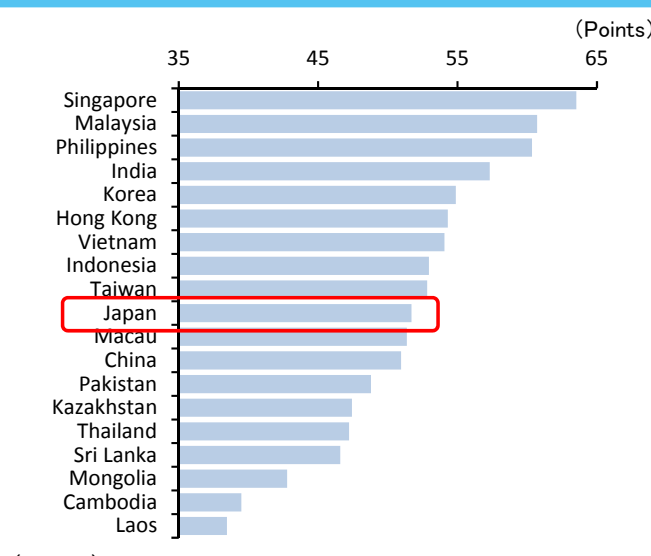
(Source) United Nations, Bank of Japan

Indian by religion (Census 2011)



(Source) Ministry of Home Affairs

English Proficiency Index (2016)

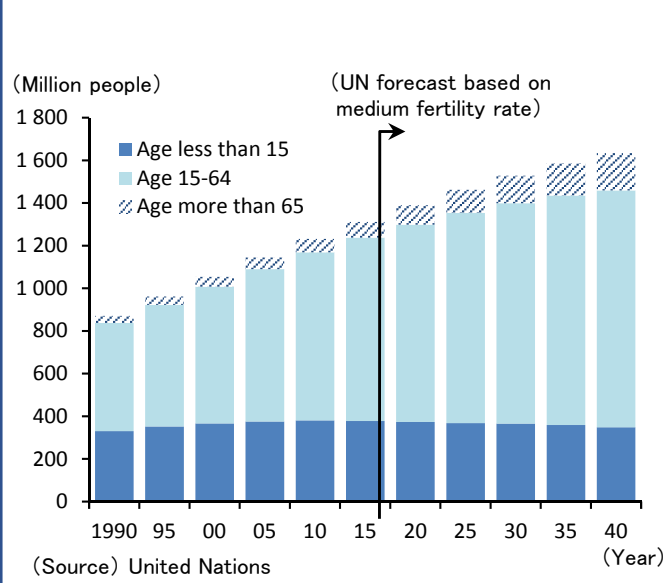


(Source) EF Education First

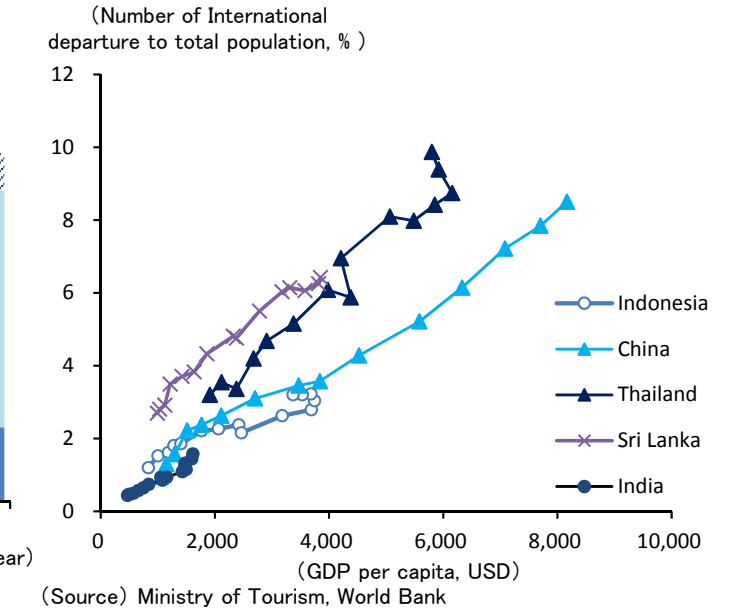
Outlook: Impact of India's income growth

- Considering increase in population and rising international departure rate associated with higher levels of income, the number of Indian visitor to Japan is expected to continue to increase. This is regardless of other constraints mentioned earlier. Simple estimates indicates that visitor from India is expected to reach around 1 million in the second half of 2030's primarily to be driven by following two factors.
- The number of Indian visitors to Japan could be much larger than this projection because of aggressive promotional campaigns by highlighting key historical cities (Hiroshima, Nagasaki), cultural and religious sites (Kyoto, Nara), marquee events (Tokyo Olympic in 2020), and seasonal highlights (like Hamami and Hanabi). It may be noted that having Olympic cannot be the major driver to attract Indian visitors. No significant increase in Indian visitors to China and UK was observed during/after the Olympics in these countries. This implies development of a friendly tourism environment is required to attract Indian visitors.

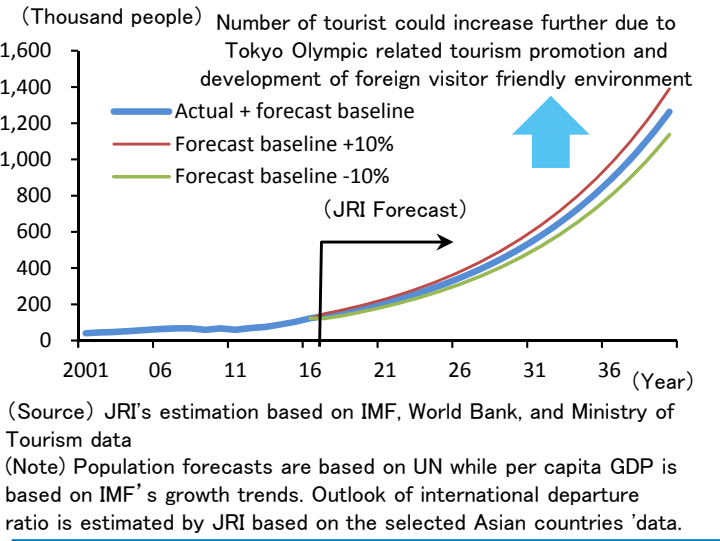
India's population



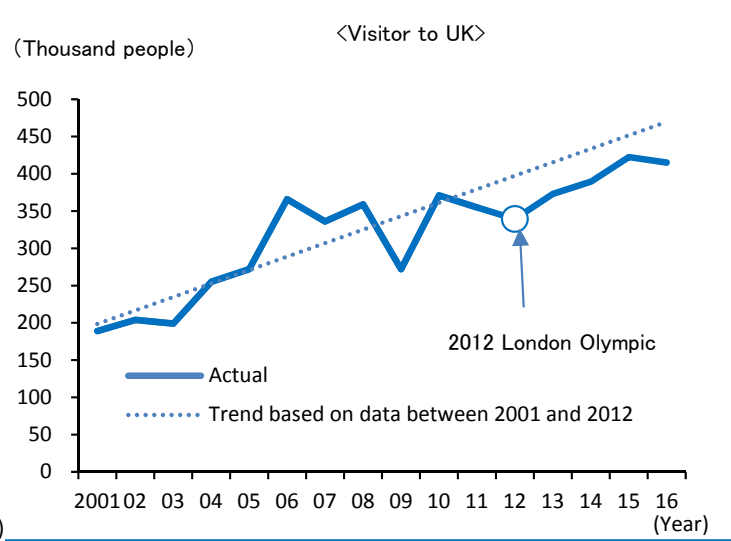
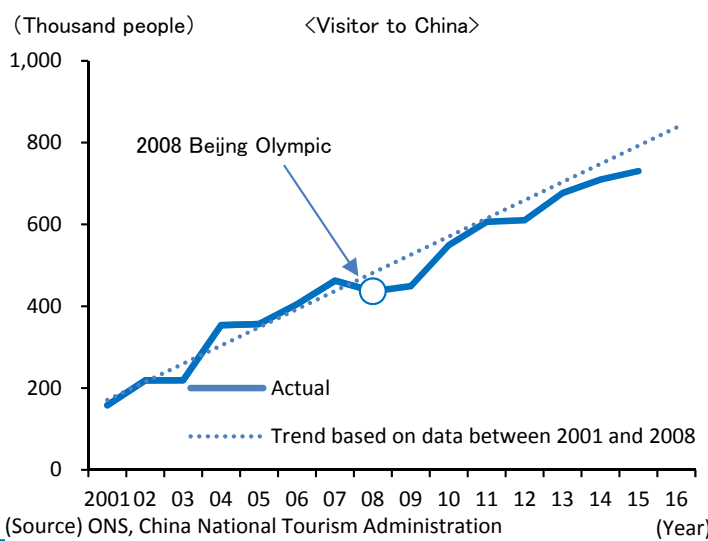
GDP per capita and number of international departure to total population in selected Asian countries (2001-15)



Impact of economic growth on Indian visitor to Japan



Indian visitor to China and UK



Increasing the number of Indian visitors to Japan

- Presently, the JNTO focuses on high income households in New Delhi and Mumbai to promote Japan visit. Given the increasing levels of disposal income, State like Tamil Nadu, Karnataka, Gujarat, Kerala, Telangana, Haryana, etc. can be strategically targeted.
- Indian visiting Switzerland is greatly influenced by Bollywood movies. Likewise, Japanese locations can be used for making Bollywood, Tollywood movies.
 - Case in point: Indian film writer-director, Imtiaz Ali and Japanese film making company, Shochiku are collaborating in making movie titled 'Love in Tokyo' and is being filmed in Japan.
- Promotion for investment from India is also essential to increase flow of visitors. The government of Japan has been seeking Indian investment in IoT (Internet of Things) areas.
- Further relaxation /simplification of visa requirement could greatly enhance visit to Japan. In fact, visitor from ASEAN countries increased significantly after the government relaxed visa conditions for short term stay.

Switzerland and Japan comparison

Initiatives	Switzerland	Japan
Distance from New Delhi	• 6,140km	• 5,833km
Indian visitor	• 217 thousand (2014)	• 123 thousand (2016)
Cost of living index	• 288 points	• 215 points

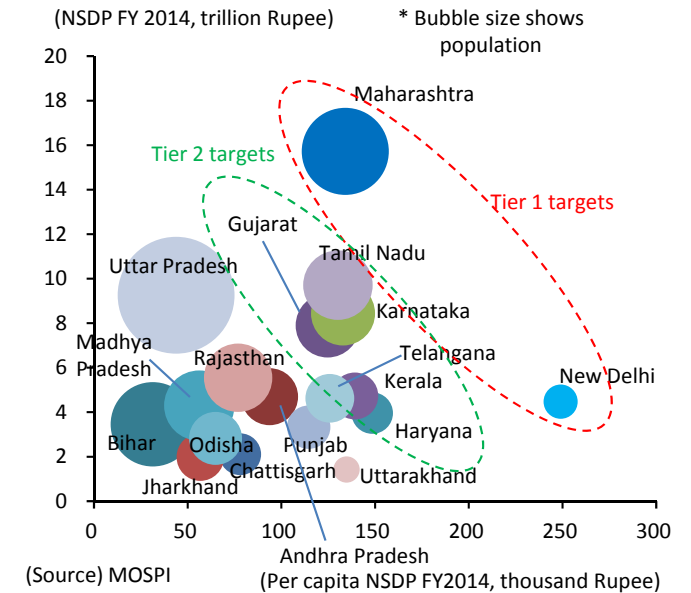
(Source) Ministry of Tourism, Expatiating

JNTO's promotion in India

Target segment	• High income households in New Delhi and Mumbai
Target season	• April-June, September-November
Target area	• Golden Route (Tokyo, Hakone, Mount Fuji, Kyoto Osaka)+ Hiroshima
Selected Initiatives	<ul style="list-style-type: none"> • Attend SATTE Travel Trade Show (Delhi) and OTM Travel Trade Show (Mumbai) • Publish restaurant guide for vegetarian and travel guide • Open New Delhi office (March 2017)

(Source) JNTO

Per capita Net State Domestic Product (NSDP), NSDP, and population (2014)



Japan-India IoT (Internet of Things) Investment Initiatives

Initiatives	Contents
Indian staff in JETRO (Tokyo)	• Allocate Indian staff in JETRO Tokyo to promote Japan investment.
Japan investment special staff in JETRO in India	• Allocate Japan investment promotion special staff at JETRO in India to find potential investors.
Organize Investment seminar	• Organize Japan investment seminar in India mainly focus on IoT.
Business Matching Organize	• Organize business matching seminar between Japanese companies and Indian companies in both Japan and India.

(Source) Ministry of Economy and Industry

Japan visitor from selected ASEAN countries

