

## India Strategy : Ayodhya – Unlocking India’s tourism potential

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# Ayodhya - Unlocking India's tourism potential

The grand opening of the Ram temple at Ayodhya by PM Modi on Jan 22nd, is a big religious event. It also comes with a large economic impact as India gets a new tourist spot which could attract 50m+ tourists/year. A US\$10bn makeover (new airport, revamped railway station, township, improved road connectivity etc) will likely drive a multiplier effect with new hotels & other economic activities. It can also set a template for infra driven growth for tourism.

**Tourism has big potential in India:** Tourism contributed \$194bn to FY19 (pre-COVID) GDP and is expected to grow at an 8% cagr to US\$443bn by FY33. Tourism to GDP ratio in India at 6.8% of GDP, puts it below most of the large Emerging / Developed economies; which are higher by 3-5ppts.

**Religious tourism is big in India:** Religious tourism is still the biggest segment of tourism in India. Several popular religious centres attract annual tourist traffic of 10-30m despite the existing infrastructural bottlenecks. And hence, the creation of a new religious tourist centre (Ayodhya) with improved connectivity and infrastructure can create a meaningfully large economic impact.

**Ayodhya – A template for India's tourism boost:** Rs850bn (\$10bn) makeover is now set to transform the ancient city from a sleepy town to a global religious and spiritual tourist hotspot. The new Ram temple comes up at the cost of US\$225m (Rs18bn). Tourism is projected to surge and increased economic and religious migration to Ayodhya, multiple sectors stand to benefit including hotels, airlines, hospitality, FMCG, travel ancillaries, cement etc.

**Significant infra upgrade to facilitate Ayodhya tourism:** Phase 1 of a new airport at Ayodhya has become operational at the cost of US\$175m and can handle 1m passengers. Additional domestic capacity and an international terminal is expected by 2025 with a capacity to handle 6m passengers. Railway station has been upgraded to double the capacity to 60k passengers/day. A 1,200 acre greenfield township is being planned and road connectivity being beefed up as well.

## Did you know?

Forbes in 2022, ranked India as the 7th most beautiful country in its 'The 50 Most Beautiful Countries In The World' rankings

India has 42 UNESCO World Heritage sites and ranks 6<sup>th</sup> globally

India is one of only three countries in the world to have both hot and cold deserts

India ranks 10th globally in total area under forest cover

India ranked 10th in the Medical Tourism Index (MTI), 12th in top 20 wellness tourism markets globally, and 5th in wellness tourism markets in APAC (as of 2021)

**Ayodhya, a place that holds religious, historical, and cultural significance for India, is being transformed into a hub for spiritual tourism. The focal point of this transformation is set to unfold on January 22<sup>nd</sup> this year, with the inauguration of the Ram Temple**

1. Source: Tourism Ministry (Government of India)  
2. Source: World Travel & Tourism Council (WTTC), Economic Impact Research (EIR) 2023  
Conversion at 1USD = Rs83

# US\$10bn+ infra upgrade to transform...

## Ram Mandir - The centerpiece



Source: Government of UP

### Overview

**Investment:** built at an est. cost of Rs18bn (\$225mn), with the cost being funded through contributions and donations

**Status:** grand inauguration on January 22<sup>nd</sup>, 2024

### Key highlights

- Main pilgrimage site, spread over nearly 70 acres and will be equipped to host about a million devotees together
- Number of pilgrims is expected to jump to 100-150k per day

**Significant milestone of Ayodhya's transformation is set to unfold on January 22<sup>nd</sup>, 2024 with the inauguration of the Ram Temple**

## Mega infrastructure projects

### Ayodhya gets its own airport leading to boost in tourism, business & employment



Source: PIB

**Investment:** Phase I built at a cost of Rs14.5bn (\$175mn)

**Status:** Phase I, operational from January 6, 2024

Three additional terminals including an international terminal, that would be operational from 2025

**Annual handling capacity:** 1m passengers currently and 6m post phase II

### Ayodhya's railway station is revamped to cater to a high number of arrivals



Source: Ministry of Railways

**Investment:** Phase I built at a cost of Rs2.4bn (\$30mn)

**Status:** Phase I operational

**Capacity:** increased from 30k to 60k passengers in phase I

## Other infrastructure projects

**Road connectivity:** Three key roads: Ram Path (13km), Ram Janmabhoomi Path (2km), and Bhakti Path (750m) – have been revamped, featuring grand gates at entry and exit points

**Township:** launch of a 1,200-acre greenfield township, built at an estimated cost of Rs22bn (\$260mn), to cater to the potential interest of senior citizens and families seeking a second home on account of sacred significance

## ... a small ancient town to a religious and spiritual tourist hub

	Hotels / Hospitality	FMCG & QSR		Aviation / Railways & ancillaries
Current impact	<ul style="list-style-type: none"> <li>• <b>Demand outstripping supply:</b> At present Ayodhya has ~17 hotels with ~590 rooms</li> <li>• 73 new hotels in the pipeline, of which 40 are already under construction</li> <li>• IHCL, Marriott International, Wyndham, etc. have already signed deals for hotels</li> <li>• IHCL has signed contracts for two new properties in Ayodhya (operational in 2027)</li> <li>• ITC Hotels exploring opportunities in Ayodhya</li> <li>• OYO to add 1000 hotel rooms in Ayodhya</li> </ul>	<ul style="list-style-type: none"> <li>• Religious &amp; pilgrimage sites like Ayodhya, The Golden Temple, Vaishno Devi, etc. present significant captive markets offering strategic first-mover advantage</li> <li>• QSR chains such as Restaurant Brands Asia (RBA), Devyani International, Jubilant Foods are either in discussions to set up outlets or have already begun setting up outlets</li> <li>• Burger King set up one store in the city centre in 1H of 2023</li> </ul>		<ul style="list-style-type: none"> <li>• Indigo, announced Ayodhya as its 86th domestic destination. Direct flights from Delhi, Ahmedabad &amp; Mumbai.</li> <li>• Air India, announced direct flights from Bengaluru, Kolkata &amp; Delhi</li> <li>• Spicejet and Akasa Air also announced flights connecting Ayodhya with multiple cities</li> <li>• IRCTC announced tour packages to Ayodhya</li> </ul>
Future impact	<ul style="list-style-type: none"> <li>• <b>Surge in tourism</b> - Ayodhya's enhanced status as a religious and cultural tourist destination will lead to increased footfall from pilgrims and tourists, both domestic &amp; international</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Surge in tourism &amp; residents</b> will lead to a substantial demand for FMCG, consumer staples and quick service, restaurants (QSR)</li> </ul>		<ul style="list-style-type: none"> <li>• <b>Surge in tourism &amp; residents</b> will lead to increased demand for both domestic &amp; international connectivity and stands to benefit aviation, railways &amp; ancillary service providers</li> </ul>
Select potential beneficiaries	<ul style="list-style-type: none"> <li>• Indian Hotels Company Limited (IHCL)</li> <li>• ITC Hotels</li> <li>• EIH Limited</li> <li>• OYO Rooms</li> </ul>	<ul style="list-style-type: none"> <li>• Jubilant Foodworks</li> <li>• Britannia Industries</li> <li>• Godrej Consumer</li> <li>• ITC</li> </ul>	<ul style="list-style-type: none"> <li>• Westlife Foodworld</li> <li>• Hindustan Unilever</li> <li>• Devyani International</li> <li>• Sapphire Foods</li> </ul>	<ul style="list-style-type: none"> <li>• InterGlobe Aviation (Indigo)</li> <li>• SpiceJet</li> <li>• Akasa Air</li> <li>• IRCTC</li> <li>• Make My Trip</li> <li>• Ease My Trip</li> </ul>

## Why Ayodhya? – Religious tourism still draws...

### Top 5 states / UT visited by domestic tourists in 2019<sup>1</sup>

State	Tourist visits (mn)	% share of total
Tamil Nadu	385.9	20.8%
Uttar Pradesh	285.1	15.4%
Karnataka	214.3	11.5%
Andhra Pradesh	194.7	10.5%
Maharashtra	119.2	6.4%

Source: Tourism Ministry (Government of India)

### Top 5 states / UT visited by foreign tourists in 2019<sup>1</sup>

State	Tourist visits (mn)	% share of total
Tamil Nadu	6.0	21.0%
Maharashtra	5.1	17.6%
Uttar Pradesh	3.8	13.1%
Delhi	2.7	9.5%
Rajasthan	1.8	6.1%

Source: Tourism Ministry (Government of India)

**Tamil Nadu ranked among the top 5 Indian states on strength of tourism infrastructure is the destination of choice among domestic & foreign tourists closely followed by Uttar Pradesh on account of its religious, cultural and historical significance**

### Top 5 monuments having the highest domestic footfall (2019)<sup>1</sup>

Monument	Tourist visits (mn)
Taj Mahal	5.65
Red Fort	3.43
Qutub Minar	2.64
Sun Temple	2.46
Agra Fort	1.97

Source: Tourism Ministry (Government of India), Archaeological Survey of India (ASI)

### Top 5 monuments having the highest foreign footfall (2019)<sup>1</sup>

Monument	Tourist visits (mn)
Taj Mahal	0.87
Agra Fort	0.53
Qutub Minar	0.33
Red Fort	0.12
Mamallapuram	0.06

Source: Tourism Ministry (Government of India), Archaeological Survey of India (ASI)

### Estimated footfall at key Indian religious places

	Footfall (est.)	Collections (est.)
Golden Temple	~30-35m	~\$10-15mn
Tirupati Temple	~25-30mn	~\$140-150mn
Jagannath Puri	~15-20mn	~\$20-25mn
VaishnoDevi	~7-8mn	~\$50-60mn
Ajmer Sharif	~7-8mn	Not disclosed

Source: News articles

**Pilgrimage, religious & historic sites attract significant domestic & foreign footfall, and The Taj Mahal is the monument of choice, across both domestic & foreign tourists**

1. 2019 statistics to account for data excluding the impact of COVID19 disruption

## ... the highest footfalls



Source: Government of UP



Source: Ministry of Tourism



Source: Ministry of Tourism



Source: Ministry of Tourism



Source: Ministry of Tourism

		<b>Ram Mandir, Uttar Pradesh</b>	<b>Tirupati Temple, Andhra Pradesh</b>	<b>Vaishnodevi, Jammu &amp; Kashmir</b>	<b>The Taj Mahal, Uttar Pradesh</b>	<b>Agra Fort, Uttar Pradesh</b>
<b>Significance</b>		Religious, cultural and historical	Religious, cultural and historical	Religious, cultural and historical	Historical	Historical
<b>Tourism type</b>		Pilgrimage / spiritual	Pilgrimage / spiritual	Pilgrimage / spiritual	Heritage	Heritage
<b>Annual est. footfall<sup>1</sup></b>		50mn to 100mn (expected)	25mn	7mn-8mn	6.5mn	2.5mn
<b>Annual est. income<sup>1</sup></b>		NA	~Rs12bn / \$140mn	~Rs5bn / \$60mn	~Rs1bn / \$12mn	~Rs275mn / \$3mn
<b>Access</b>	<b>Air</b>	<b>Good:</b> new airport constructed to serve Ayodhya. International flights to be operational in the next phase (2025)	<b>Poor:</b> closest airport is 170 kms away (Chennai Airport)	<b>Poor:</b> closest airport is 50 kms away and has limited connectivity (Jammu Airport)	<b>Poor:</b> on account of low number of domestic flights, limited connectivity & no international terminal in Agra Airport making New Delhi Airport situated 210 kms away the convenient option	
	<b>Rail</b>	<b>Excellent:</b> on account of numerous route options	<b>Excellent:</b> on account of numerous route options	<b>Excellent:</b> on account of numerous route options	<b>Excellent:</b> on account of numerous route options	
<b>Accommodation options</b>		Currently ~17 hotels with ~590 rooms with IHCL, Marriott, Wyndham, etc. all in process of adding capacity	Limited accommodation number with a few Pan-India hotel chains	Limited accommodation number with practically no Pan-India or Global hotel chains	350 government recognized hotels in Agra	

**GOI has assessed the challenges impeding current historical & pilgrimage destinations and innovatively curated a holistic spiritual tourism experience in Ayodhya, a place that holds immense spiritual, historical, and cultural significance for India**

# Why Ayodhya? - India's response to the Vatican City & Mecca



Source: PIB



Source: UNESCO



Source: Saudi Tourism Authority

		Ayodhya, India	Vatican City	Mecca, Saudi Arabia
<b>Significance</b>		Religious, cultural and historical	Religious, cultural and historical	Religious, cultural and historical
<b>Tourism type</b>		Pilgrimage / spiritual	Pilgrimage / spiritual	Pilgrimage / spiritual
<b>Annual est. footfall</b>		~50mn to ~100mn	~9mn	~20mn
<b>Annual est. revenue</b>		NA	~\$315mn <sup>1</sup> (low on account of proximity to Rome)	~\$12bn
<b>Infrastructure</b>	<b>Travel</b>	<b>Good:</b> access by air, road & rail International terminal to start by 2025	<b>Excellent:</b> access by air, road & rail (on account of proximity with Rome ~25 kms away in Rome)	<b>Good:</b> access by rail and road Closest airport is 75 kms away in Jeddah
	<b>Stay</b>	Global and domestic hotel chains in process of adding capacity	Limited accommodation options with most visitors staying in Rome on account of proximity	Numerous accommodation options across budget ranges

Source: News articles  
1. CIA, World Factbook (2022)