



APRIL 2015

AWAKENING OF THE BUDDHIST CIRCUIT

Shamsher Singh Mann
Director

Rishabh Thapar
Analyst



Introduction

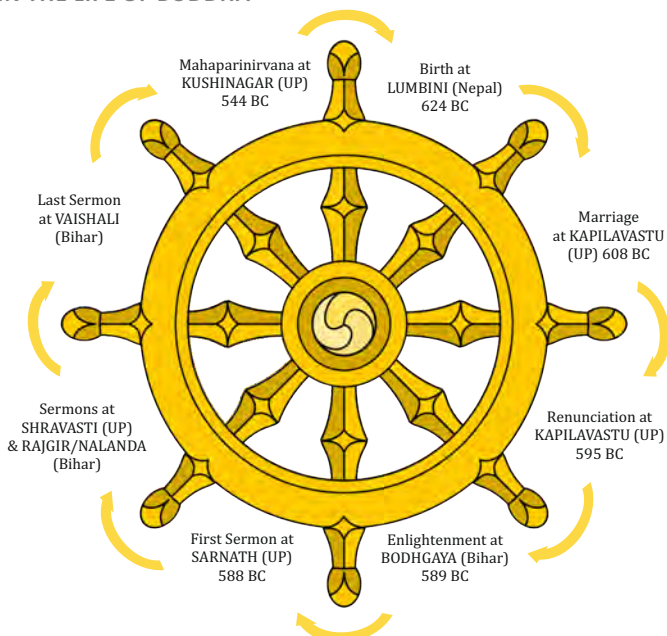
Amidst the energy of monks mediating under the Banyan trees, and the peace and quiet that engulfs the Mahabodhi Temple, a devotee walks by the path of the Buddha's walking meditation at Bodhgaya - Cankamana (cloister walk) - placing flowers on each of the spots, where he placed his feet. The temple marks the place of enlightenment of the Buddha, a tranquil picturesque setting, one amongst a number of destinations that mark the various stages of his life's journey walking across the Gangetic plains around the 6th century BC, teaching and imparting his knowledge. These destinations (in the present day Indian states of Uttar Pradesh and Bihar and the mountain country of Nepal), which have been tied into a travel circuit over the past decades, are now receiving the impetus that can turn the circuit into an international travel destination creating an opportunity for the tourism industry and the community at large.

The Circuit

The locations that were significant in the life of Buddha such as Lumbini, his birthplace, Bodhgaya, where he attained enlightenment, and Sarnath where he delivered his first sermon were later marked by his disciples and became centres for imparting the teachings of Buddhism.

Buddhism flourished beyond its country of origin through the centuries, but most of these Buddhist sites were lost by the

FIGURE 1: THE BUDDHIST CIRCUIT - MAJOR EVENTS IN THE LIFE OF BUDDHA



Source: HVS Research



Lotus carved stones marking the footsteps of Buddha's cloister walk at Mahabodhi Temple in Bodhgaya

11th Century following foreign invasions in India. It wasn't until 1833, when a British army engineer - Alexander Cunningham solved the mystery of the dome (Dhamek Stupa) at Sarnath and its Buddhist association, resulting in further excavation and restoration of other historical Buddhist sites following the records of the Chinese scholar and traveller Xuanzang who travelled through India during the 7th century AD. Rediscovery of the Buddhist sites led to their development by way of construction of elaborate temples and monasteries by Buddhist communities and pilgrimages to these destinations began.

Tourism

Today, there are 450-500 million practicing Buddhists in the world and every year over 3,50,000 foreign travellers visit the land where Buddha lived, meditated and delivered sermons.

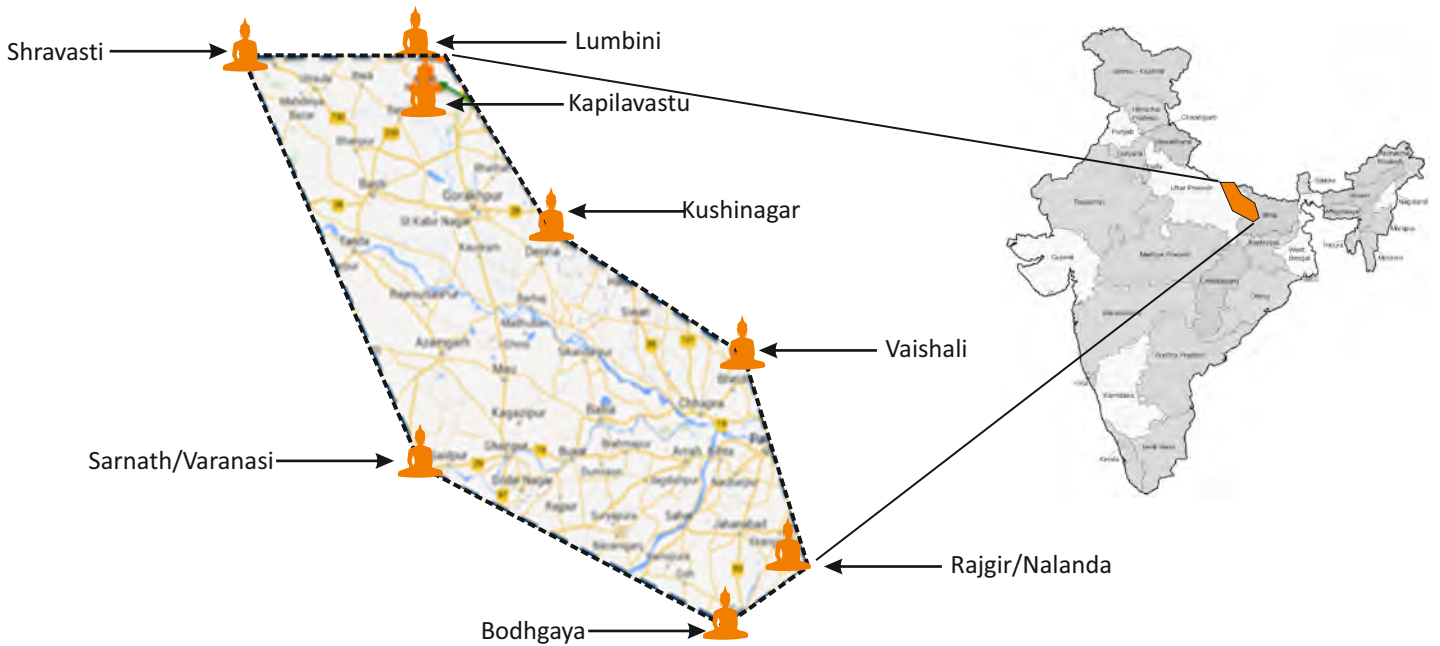
Buddhism, though born in India, has a more prominent Buddhist population beyond its borders to the east. King Ashoka of the Mauryan Dynasty (3rd century BC) is credited with the spread of Buddhism to South and East Asia including Sri Lanka, Myanmar, Thailand, Korea, Japan, China and Vietnam. Today, more than half of the international visitation



"It is better to travel well than to arrive"
Buddha

Statue of Buddha at Bodhgaya

FIGURE 2: DESTINATIONS ALONG THE BUDDHIST CIRCUIT



Source: HVS Research

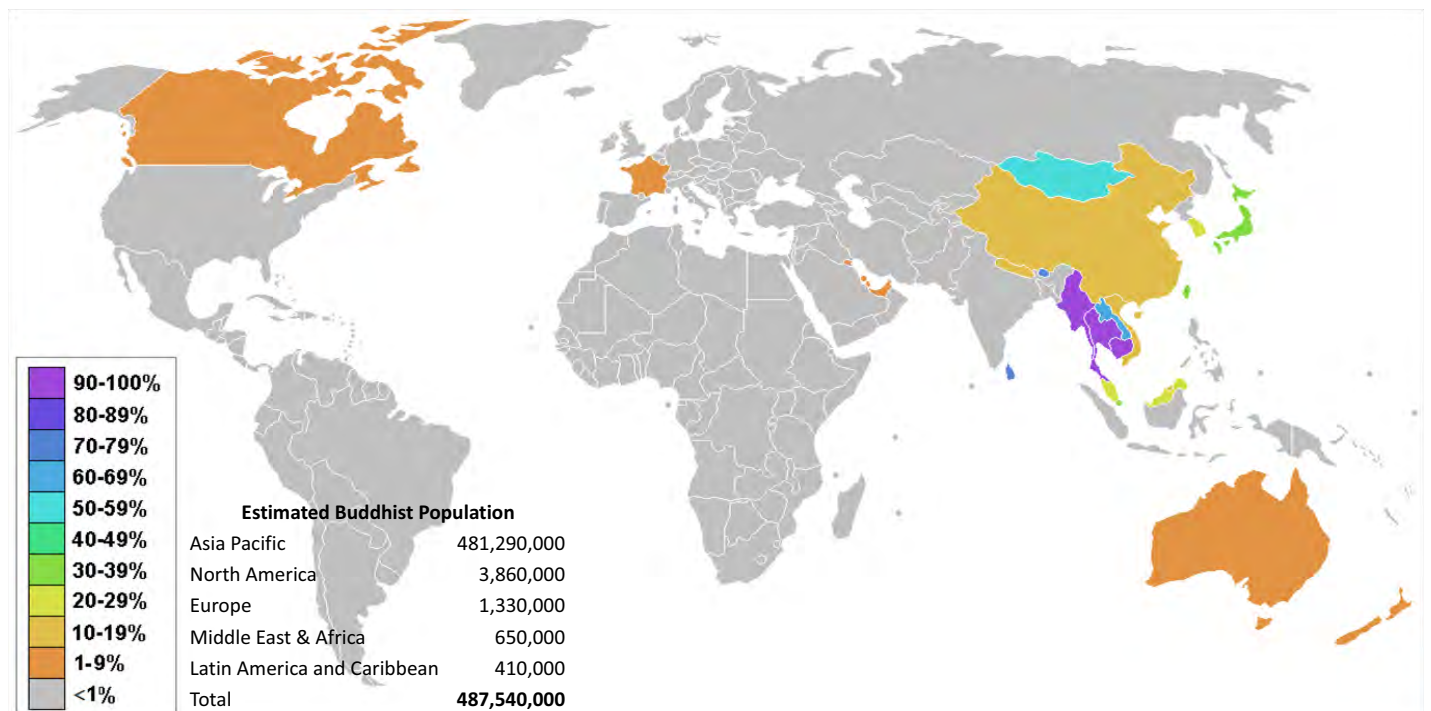
to the Buddhist Circuit is from Buddhist countries in South and Southeast Asia as followers make pilgrimages to the land of the origin of Buddhism.

Beyond the Buddhist population in the East, the West has also always associated Buddha with India and the popularity of Buddhism as a philosophy and a way of life extends far beyond the actual Buddhist population in the West. The practice of meditative techniques, Buddhism’s experiential learning and its scientific approach has made it very

appealing to the twenty-first century man. Practices of new-age yoga gurus and endorsements by popular celebrities such as the late Steve Jobs, Sharone Stone, and Richard Gere have made some of the Buddhist practices very popular in the West. Correspondingly, more than 40% of the international tourists visiting the Buddhist Circuit are from Europe and North America.

Another major contributor to tourism along this circuit is the domestic traveller. The Buddhist population in India may be

FIGURE 3: DISTRIBUTION OF BUDDHIST POPULATION AROUND THE WORLD



Source: Pew Research Centre

FIGURE 4: TOURIST ARRIVALS ON THE BUDDHIST CIRCUIT

Destinations on the Buddhist Circuit	Tourist Arrivals 2014			10-Year CAGR			Nearest Airport (Distance in Km)	Travel Time (Hours)	Travel along the circuit (% of Bodhgaya)
	Domestic	International	Total	Domestic	International	Total			
Bodhgaya	16,47,701	2,25,668	18,73,369	21.0%	22.3%	21.1%	10	0.5	100%
Patna	18,17,439	9,097	18,26,536	2.2%	19.3%	2.3%	0	0.0	98%
Rajgir	15,25,107	1,64,314	16,89,421	18.8%	45.9%	20.0%	67	1.5	90%
Sarnath*	8,38,566	3,62,113	12,00,679	4.9%	7.6%	5.6%	10	0.5	64%
Lumbini	7,23,781	1,33,308	8,57,089	-	14.4%	-	10	0.5	46%
Kushinagar*	7,50,171	62,292	8,12,463	15.5%	21.3%	15.9%	223	4.5	43%
Vaishali	2,02,509	60,108	2,35,761	-1.6%	47.9%	0.0%	40	1.0	13%
Sravasti*	1,09,876	98,642	2,08,518	6.7%	16.7%	10.4%	177	5.1	11%
Kapilvastu*	1,61,434	30,219	1,91,653	40.7%	5.4%	24.6%	10	0.5	10%

* Nine Year Data (2005 to 2013) and CAGR
 Source: HVS Research, Government of UP, Government of Bihar

less than 1%, but the estimated absolute number of seven million practicing Buddhists and the increasing domestic tourism contribute immensely to tourism along the circuit.

Tourist arrivals along the circuit have shown very high growth over the past decade. Most destinations have shown a double-digit growth in visitation (domestic as well as international segments), which in some cases is as high as 22.3% CAGR (for international visitation to Bodhgaya) over a period of ten years as compared to the Foreign Tourist Arrival (FTA) growth in India at 7.4% CAGR.

The growth of FTAs conveys a positive picture; however, tourism along the circuit is far from its potential as the visitation is limited by poor infrastructure and accessibility to most of these destinations. Figure 4 (last column) depicts how visitation along the circuit declines as the quality of infrastructure/accommodation, facilities and accessibility reduces.

India's share of outbound tourism (Figure 5 overleaf) even from some of the Buddhist countries is very low (with the exception of Sri Lanka and Nepal). Of the total international tourist arrivals in the country, only 5.4% travel to the Buddhist Circuit (Sarnath) as compared to the higher visitation along other circuits such as the Golden Triangle (Delhi-Jaipur-Agra), which features on the itinerary of most



Statue of baby Buddha at Lumbini



Buddhist monks in Lumbini

travellers visiting North India. Furthermore, tourist arrivals in India even from countries with large Buddhist populations have a low visitation trend on the Buddhist Circuit (with the exception of the Republic of Korea, where more than 38% travellers arriving in the country visit Sarnath). When compared to the Buddhist population in the world (approximately 480 million predominantly in Asia Pacific) the number of arrivals to the circuit is minuscule, and highlights the possibility of attracting more travellers to the circuit.

There is a strong association of the Buddha with inbound tourism in India, but visitation along the Buddhist Circuit suffers from a number of hindrances that prevent the realisation of its tourism potential. Major causes include inaccessibility, lack of infrastructure, accommodation, marketing, and the undeveloped tourist experience.

FIGURE 5: INBOUND TOURISM IN INDIA AND ITS SHARE ON THE BUDDHIST CIRCUIT

Nationality	Outbound Tourism		FTAs in India		FTAs on the Buddhist Circuit		
	Outbound travel in 2012	India's % share of outbound in 2012	Foreign Tourist Arrivals (FTAs) in India 2012	% Share Country-wise in 2012	Visitation to Sarnath	% Share Country-wise in 2012	% of FTAs in India visiting Sarnath
USA	5,84,97,000	1.8%	10,39,947	15.8%	32,679	9.2%	3.1%
Canada	3,01,50,000	0.8%	2,56,021	3.9%	3,800	1.1%	1.5%
UK	5,68,36,000	1.4%	7,88,170	12.0%	26,731	7.5%	3.4%
Bangladesh	-	-	4,87,397	7.4%	9	0.0%	0.0%
Sri Lanka	12,39,000	24.0%	2,96,983	4.5%	36,624	10.3%	12.3%
Russian Federation	4,37,26,000	0.4%	1,77,526	2.7%	-	-	-
Germany	-	-	2,54,783	3.9%	10,537	3.0%	4.1%
France	2,61,55,000	0.9%	2,40,674	3.7%	28,274	8.0%	11.7%
Japan	1,74,72,748	1.3%	2,20,015	3.3%	42,355	11.9%	19.3%
Australia	77,95,000	2.6%	2,02,105	3.1%	7,117	2.0%	3.5%
Malaysia	-	-	1,95,853	3.0%	1,618	0.5%	0.8%
China	7,02,50,000	0.2%	1,68,952	2.6%	9,343	2.6%	5.5%
Singapore	77,53,000	1.7%	1,31,452	2.0%	1,038	0.3%	0.8%
Nepal	8,62,000	14.5%	1,25,375	1.9%	5,029	1.4%	4.0%
Rep of Korea	1,26,94,000	0.9%	1,09,649	1.7%	41,956	11.8%	38.3%
Spain	1,21,85,000	0.6%	67,044	1.0%	23,382	6.6%	34.9%
Netherlands	1,86,28,000	0.4%	74,800	1.1%	14,858	4.2%	19.9%
Italy	2,88,10,000	0.3%	98,743	1.5%	5,943	1.7%	6.0%
Others	-	-	16,42,256	25.0%	64,001	18.0%	3.9%
Total			65,77,745		3,55,294	100.0%	5.4%

Source: HVS Research

Note: The most comprehensive information across data points was available for the year 2012, represented in the table above.

Barriers To Growth Of Tourism In The Buddhist Circuit

Inadequate Infrastructure and Inaccessibility

Presence of an airport at Bodhgaya and Varanasi and good intercity roads make Bodhgaya, Rajgir and Sarnath the most visited destinations (with 80% of the tourists visiting the circuit travelling to these destinations), while tourist arrivals in other destinations decrease as road and rail connectivity becomes poor.

Figure 6 depicts the state of tourism-related infrastructure along the circuit. The poor connectivity between destinations is a major obstacle that hampers traveller experience and has resulted in shortened itineraries as travellers restrict themselves to the more accessible destinations with year-round accommodation facilities. Road networks within the Buddhist Circuit connecting even

the more important routes such as Sarnath-Kushinagar, Kushinagar-Patna, and Lucknow-Sravasti are very poor.

FIGURE 6: INFRASTRUCTURE, TRAFFIC AND HOTELS ON DESTINATIONS ALONG THE BUDDHIST CIRCUIT



Source: HVS Research

The only connectivity to Lumbini in Nepal is through the small inhospitable Sunauli border, which is clogged with heavily laden trucks. Travellers often have to walk across the border as crossing the border is arduous and time consuming for commercial vehicles. The experience is a major setback that prevents travellers visiting Nepal and India from completing the circuit.

There is a need for expansion of the airport services, adding year-round flights, developing roads and trains to improve visitation along the circuit. Apart from connectivity, some of the destinations lack basic infrastructure such as year-round quality hotels, restaurants, information centres, and way-side amenities. The image of UP and Bihar, as states with low security and lack of law and order, add to the inaccessibility.

Lack of Quality Hotel Accommodation

Most hotels on the Buddhist Circuit are owned and operated by travel agencies and tour operators active on the circuit. In fact, the credit for organising tours for international groups and setting up the first hotels on the circuit goes to these operators. However, the circuit does not feature quality hotel facilities expected by an international traveller. This is accentuated by the fact that there is not a single branded hotel

The only chain-affiliated hotels present on the circuit are in Varanasi (eight kilometres from Sarnath). Along with comparable quality three-star hotels in Patna they average a year-round occupancy of over 75% (much higher than the country average of 60%) pointing out to the inadequacy of hotel accommodation along the circuit.

on the circuit even in destinations such as Bodhgaya and Rajgir / Nalanda (annual visitation over 1.6 million) and Sarnath (annual visitation over 1.2 million). The growing tourism on the circuit in the absence of quality branded hotel accommodation and poor accessibility within the circuit causes travel itineraries along the circuit to shrink, to the extent that there are charters from

countries in Southeast Asia that arrive at Gaya airport and leave by evening for lack of quality accommodation.

As a destination operated by tour operators, guests can stay either at hotels operated by tour operators themselves or at the monasteries. Guests staying at monasteries impacts room night demand, which gets absorbed by them and this is a matter of concern as technically they do not operate as lodging establishments but earn through non-taxable donations. Many international groups tend to book their tours through their country's travel agents and stay at the respective monasteries. Non-group visitors, on the other hand, are forced to restrict themselves to year-round destinations such as Sarnath and Bodhgaya (demand from Sarnath being catered to by hotels in Varanasi).

There is a large gap in the quality of accommodation facilities, which are either monastery accommodations or poor quality but expensive hotels that leave travellers with no choice but to book through a tour operator. Thus, developing quality hotels is not only vital for the development of the Buddhist Circuit but also to induce demand through individual leisure

traveller and domestic segments especially if these hotels are managed by a recognised brand or/and have a strong marketing affiliation.

The Undeveloped Tourist Experience

To develop and ensure sustainable tourism, it is important to showcase the rich heritage of the sites and enhance the tourist experience by engaging them in learning through information centres, audio-video tours, interpretation of scriptures and practices, creating meditation areas, evening recreation activities and basic conveniences. The Buddhist Circuit presents a unique opportunity to promote tourism focusing on multiple elements such as spiritualism, religion, history, archaeology, education, leisure and wellness, with a huge prospect of expanding the target audience.

Destinations along the Buddhist Circuit feature archaeological and spiritual gems from the preserved birthplace at Lumbini, to the tranquil and surreal peace under the Banyan trees at the Mahabodhi Temple, the 2,500-year old relics at Sarnath, the magnificent reclining statue of Buddha at Kushinagar, monasteries at one of the oldest universities in the world at Nalanda, the Vishwa Shanti Stupa atop the Vulture's Peak Mountain in Rajgir, and the astonishing temples built by various Buddhist communities all along the circuit.



Statue of Buddha at Shravasti

Unstructured Marketing

The Buddhist Circuit, over the years, has been marketed in an unstructured and fragmented manner by various stakeholders such as tour operators, state governments and monasteries in their respective countries. A joint effort from all stakeholders in creating a brand identity, packaging and promoting tourism on the circuit is essential and will go a long way in establishing it as a prominent circuit.

The Opportunity

Strategic Policy Formulations

Prime Minister Narendra Modi has announced his plans on developing world-class amenities on the Sarnath-Gaya-Varanasi Buddhist Circuit as a priority to boost tourism in the country.

To increase the volume of FTAs in India, the government of India has also announced that it would be extending its e-Tourist Visa Facility to citizens of 180 countries across nine international airports. The facility, which was applicable to 11 countries till November 2014, has already been extended to 43 countries. The extension of the e-Tourist Visa Facility to Buddhist countries such as South Korea and Thailand and the prime minister's most recent visit to Sri Lanka and the subsequent extension of the facility to Sri Lankan nationals are likely to boost tourism in the country and the Buddhist Circuit as well.

In light of this development and the anticipated increase in tourist arrivals, it is important to maintain existing tourist destinations and nurture the less developed ones; and, the Buddhist Circuit presents a brilliant opportunity offering tourists a new experience that has a strong association with India.

Investing in The Buddhist Circuit

In order to realise the tourism potential of the circuit and create sustainable infrastructure and tourism policy, International Finance Corporation (IFC), a World Bank Group organisation,

IFC is working closely with the state governments and the central government to fast track investments necessary in the circuit. Their roadmap estimates that in order to transform the sites along the Buddhist Circuit, an investment of about USD 200 million is required to improve infrastructure, hotels, facilities, and services of logistics companies and tour operators, both through public and private participation. To this end IFC along with the World Bank is considering an investment of USD 100 million.

recently brought out a strategic framework with a vision to transform key Buddhist sites and destinations in UP and Bihar into places of holistic tourism experiences. IFC is working with a government-constituted multi-stakeholder Buddhist Circuit Steering Committee that includes Ministry of Tourism, Government of India; state governments of Bihar and UP; private sector representatives such as hoteliers, airline operators, travel agents, and the World Bank.

From Prime Minister Narendra Modi's plan to develop the Buddhist Circuit to the five-year road map by IFC, the Buddhist Circuit is

finally receiving the impetus it needs to develop into an established circuit of international significance. There is now a framework to increase tourist footfalls through investments in upgrading accommodation services, developing infrastructure for year-round easy accessibility, diversifying

the tourist experience, and active marketing campaigns. The initiatives by the state and central governments and other stakeholders are aimed at resolving the hurdles that have prevented the realisation of the Buddhist Circuit for a long time. IFC's framework for development also highlights the opportunities for direct and indirect employment and involvement and upliftment of the local community in creating sustainable tourism.



Vulture's Peak in Rajgir

Implications For The Tourism And Hospitality Industry

For the tourism industry this means that there is a unique opportunity to develop a tourist circuit, which has historical and spiritual significance and incorporates interests of international groups including pilgrims, historians, explorers, and spiritual/leisure travellers alike. In order to accommodate the high growth in tourist arrivals on the circuit and induce demand there is a need to develop quality hotel accommodation.

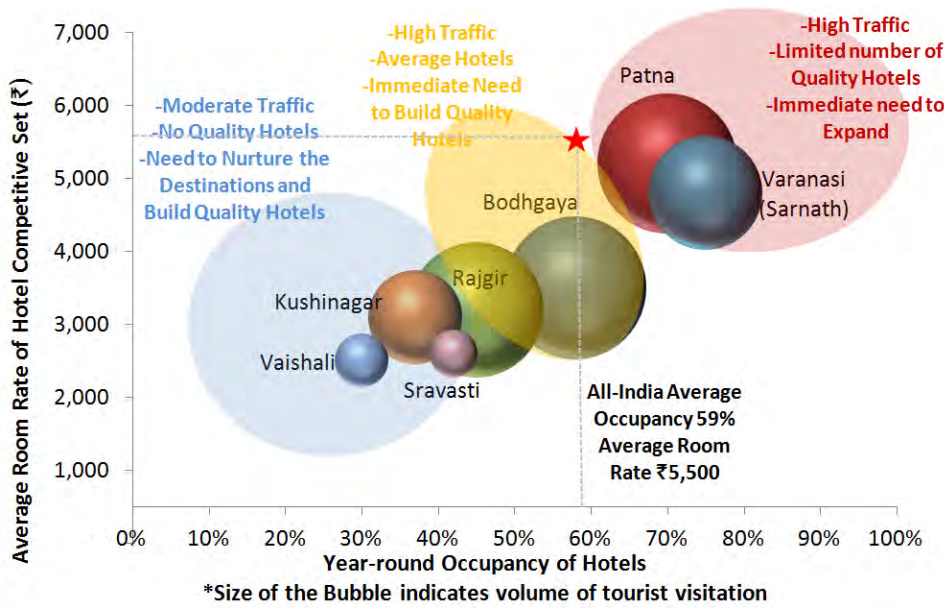
Closing the Gap between Increasing Demand and Short Supply

Destinations such as Varanasi (Sarnath) and Patna yield some of the highest occupancy and average rates among non-metro cities in the country for upper mid market hotels. There is, for most times of the year, a shortage in room night supply in these destinations indicating the need to develop hotels. Bodhgaya, as highlighted before, has the highest visitation along the circuit and yet does not have any quality branded hotels and presents an opportunity to develop hotels from budget to upscale segments.

Capitalising on Existing Facilities

Rajgir (14 kms from Nalanda), which also records high visitation, has good road connectivity and the 1300-seater Rajgir International Convention Centre can easily be transformed into a destination for MICE events, if there are

FIGURE 7: PERFORMANCE AND POTENTIAL OF HOTEL MARKETS ON THE BUDDHIST CIRCUIT



Source: HVS Research

UP and Bihar are working on a Public Private Partnership (PPP) model to transform some of the tourist guest houses in prime locations into quality hotels to be run by experienced and recognised hotel operators. This presents hotel investors and operators with a great opportunity to invest and expand their presence in good locations along the Buddhist Circuit in the short term.

Going forward, in the medium-to-long term more hotels across all positionings from Budget to Upscale would be required to make the Buddhist Circuit an international travel destination. Figure 7 highlights the current performance of hotel markets along the Buddhist Circuit along with the broad course that may be taken for the circuit to develop to its full potential.

hotels developed in proximity to the convention centre, which in turn should be marketed and managed by an experienced operator.

Developing Year-Round Accommodation

Destinations such as Kushinagar, Sravasti and Vaishali have unbranded hotels, which close during the off season. In order to encourage travellers to travel the complete circuit, these destinations (which are at a convenient distance for an overnight stop) need to be developed as year-round destinations with quality hotel accommodations.

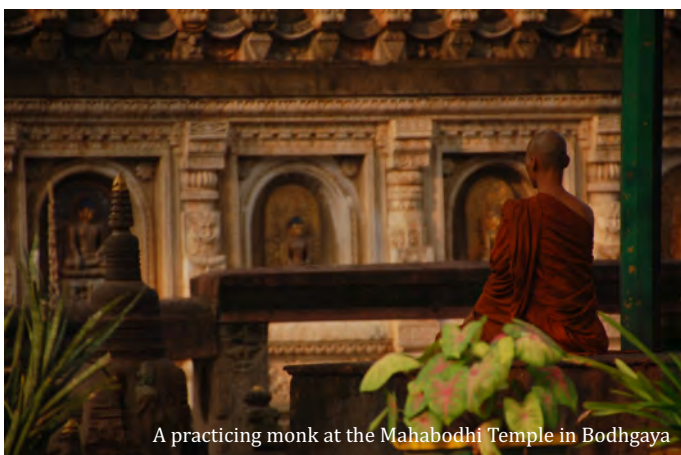
Opportunity for Hotel Investors and Operators

In order to accommodate and sustain the anticipated growth of tourism along the circuit, HVS anticipates that hotel investments of more than ₹700 crore across various locations are needed over the next five years alone. The governments of

Conclusion

The Buddhist Circuit presents an opportunity for the development and growth of tourism, supporting industries and the economy/community at large. Improvement in infrastructure through developing roads, railway networks, airlines, hotels, transport and travel agencies, translators, facilitators, tour guides and so on can generate large-scale employment in the states of UP and Bihar. There is an opportunity for the participation of the local community, which must be involved for the upliftment of the poor economic conditions and create sustainable tourism in these states. Development of infrastructure, product/experience, amenities, connectivity, marketing, and promotion will lead to the development of the circuit as a year round easily accessible circuit appealing to a wide range of tourist groups. With the fast growing tourist arrivals and the above mentioned developments, the need for quality hotels from the budget to upper mid market segments across destinations (and upscale space in some destinations) is critical for developing and sustaining tourism along the circuit.

In times when the hospitality and travel industry are faced with challenges of over competition and diminishing returns in established operating markets and tourist circuits across the country, the proposed PPP model to develop the Buddhist Tourist Circuit in UP and Bihar is a prospect where stakeholders in the industry can create, establish and be a part of a truly international circuit.



A practicing monk at the Mahabodhi Temple in Bodhgaya



About HVS

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About the Authors



Shamsher Singh Mann is a Director with HVS' India office, specialising in Hotel valuation and consultancy. He joined HVS in 2006 after working with ITC hotels for over five years. Shamsher holds a Masters in Business Administration from the Nanyang Business School (Singapore) and completed his hotel management training with the Welcomgroup Management Institute and Diploma in Hotel Management from IHM Bangalore (India). He has considerable experience of conducting feasibility studies and valuations throughout South Asia including India, Bangladesh, Pakistan, Nepal and Sri Lanka.



Rishabh Thapar is an Analyst - Consulting and Valuation with HVS' New Delhi office since 2013 and has worked on multiple feasibility studies, valuations and market studies in India, Bangladesh and Nepal. Prior to his tenure at HVS, Rishabh has worked in hotel operations with the Indian Hotels Company Limited (IHCL) before moving to a development role with his family's hotel business. Rishabh graduated from the Taj Management Training Program in 2008 and holds a BA (Hons) in Hotel Management from the Institute of Hotel Management Aurangabad (University of Huddersfield, UK).

For further information please contact smann@hvs.com or rthapar@hvs.com

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