



THE ROYAL COMMONWEALTH SOCIETY

A PASSAGE FROM INDIA

Improving UK visitor visas
for Indian nationals



Author Tim Hewish

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About the report

This report represents a new phase in the Society's publications that will focus on visa and migration issues around the Commonwealth. Specifically, the report looks at the UK's relationship with India and how this can be enhanced. It recommends an extension of a new cheaper and lengthier visitor visa to Indian nationals which is currently offered to Chinese visitors to the UK.

About the Author

Tim Hewish is the Director of Policy and Research at the Royal Commonwealth Society. He co-founded Commonwealth Exchange (CX), a Westminster-based think tank. CX is now an initiative of the Society. Tim has a Masters degree in Imperial & Commonwealth History from King's College London and is a published author for the Institute of Economic Affairs.

About the Royal Commonwealth Society

The Royal Commonwealth Society (RCS) is an international network of individuals and organisations committed to improving the lives and prospects of Commonwealth citizens across the world. The RCS engages with its educational, civil society, business and governmental networks, championing human rights and democracy and promoting youth education and empowerment. Founded in 1868, the Society is constituted by Royal Charter and as a charity. It is non-partisan, is independent of governments and is supported by public generosity.

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FOREWORD

In the last 10 years Britain has welcomed over 3 million Indian visitors, with each visit made for its own different reason.

Some of these visitors will have come to enjoy Britain's array of tourism attractions: for the bustling cultural metropolises of London, Birmingham and Manchester; or for the natural beauty of areas like Snowdonia and the Scottish Highlands. Such visits have helped power the UK's tourism industry and also support the wider economy in regions across the country. Many will have visited the UK for business, whether to invest in and grow British firms or add vital skills to the UK economy. Just as importantly, many of these visits will have served to reunite thousands of families and friends who live across the UK and India.

Whatever the reason for travel all of these visits will have been enabled by visas.

Visas are then, by default, a key lever in the engine room of any economy, as well as an extremely important and positive cultural and social enabler. Quite simply, a country's visa scheme is an unambiguous statement to the world about their role in the global economy. It is in essence a country's 'open for business' sign. British tourist visas should therefore be as competitive and fair as possible, especially for some of the rapidly expanding developing markets across the world which offer so much potential.

India is an outstanding example of such a market. It has an enormous population which is now looking to travel and a growing economy with a multitude of thriving international businesses. As evidenced by the numbers of Indians already visiting the UK, our significant cultural links also mean that the UK is a natural destination for Indian visitors. The links are strengthened by our shared Commonwealth connection which brings distinct economic and soft power advantages for members.

However, in recent years there has been growing competition to attract these visitors, notably from other destinations in Western Europe. France has now overtaken the UK as the leading destination for Indian tourists. Of most concern, the UK's market share of these visitors has fallen substantially, from a 4.42% share in worldwide Indian tourism in 2006 to a 2.13% share in 2013.

An important step, therefore, in rectifying this position would be to make Britain more attractive as a destination to Indian tourists. Such a proposal need not initially involve monumental change. We could simply extend the UK - China visa pilot scheme to include India, which would offer Indian tourists a two year multiple entry visa for the same price as the existing 6 month visa. This would transform the appeal of the UK visa scheme for Indians.

India presents a tremendous opportunity for business and leisure tourism - an opportunity that will only continue to increase in its value and importance. We believe that the changes advocated in this report would help re-establish the UK as the leading destination for Indian visitors, thereby securing and enhancing the economic and social benefits which these visits bring.



Nigel Huddleston MP



Professor Lord Patel of Bradford OBE

EXECUTIVE SUMMARY

Recommendation: Extend the £87 two-year UK visitor visa to Indian nationals

The UK and India have strong longstanding and contemporary cultural and economic ties through the Indian diaspora in the UK of 1.4m people and the shared values of both nations as Commonwealth members through language, law, and democratic traditions.

These ties are reflected in the visitor numbers and spending between the two countries. Just over 400,000 Indians visited the UK in 2015 and spend almost twice the amount as the average visitor to the UK. Indian business visitors spend almost three times the amount spent by the average business visitor.

That is why this report recommends that the UK visitor visa (business and leisure) for Indian nationals should be made more competitive, following the example of the Chinese two-year visitor visa pilot. Under this pilot, the UK recently agreed a two-year visitor visa for Chinese nationals costing £87. This compares to £330 paid by Indian nationals currently.

UK losing its market share of Indian tourists costing almost £500m and over 8,000 jobs

While Indian visitor numbers appear healthy at first glance, the reality is that the UK is losing its market share of India's outbound travellers. This loss has been estimated to amount to nearly half a billion pounds per year and equates to the UK missing out on 8,444 additional jobs in the tourism industry.

France leapfrogged the UK in number of Indian visitors

France has leapfrogged the UK in terms of Indian visitors and now attracts 500,000 Indian visitors each year. Granting a £87 two-year visitor visa will help stimulate demand and assist the UK in regaining its position as India's *most visited European destination*.

UK-India Year of Culture - 2017

The lead up to next year presents an unique opportunity to extend the proposed visa reform as 2017 has been declared the *UK-India Year of Culture* - marking 70 years of Indian Independence through a collaboration in business, art, music, design and much more.

Conclusion

These multi-layered factors support the opportunity for visitor visa reform that will enhance the close political, cultural and economic bonds between both Indian and British citizens and governments alike.

INTRODUCTION

The modern relationship between UK and India has been described by UK Business Secretary, Sajid Javid MP, as being at a 'key juncture' and provides 'opportunities we would be foolish to ignore'.¹ There are numerous public policy ideas on how to enhance this bilateral relationship; however, this report's focus will centre on visa concerns that specifically relate to tourism - both business and leisure.

I strongly welcome this idea of cutting down the visa fees for a long term visitor visa to the UK. Implementation of the same for Chinese visitors proves that it is possible and welcomed by the British government. And I believe more Indians would be willing to travel more often to the UK when they have the freedom to travel on a larger timeline.

Sukanya, UK

Our recommendation is for Indian nationals to join a pilot scheme granting visitors a two-year multiple visit visa into the UK for £87. The same pilot was offered to Chinese nationals in January 2016 and described as 'bringing significant benefits to the UK economy'.² At present Indian nationals pay £87 for a 6-month visa, £330 for a two-year visa, and £752 for ten years.

The UK's policy to seek stronger ties with China is sensible, but it is nonetheless prudent to seek out other fast-developing nations to provide balance, such as India, where the UK already has strong cultural links. We will demonstrate that there are equally persuasive reasons to offer Indian citizens the same access that their Chinese counterparts currently enjoy as visitors to Britain.

UK-India relations matter. Against the background of the historic legacy there also exists a living, contemporary connection. The 2011 Census demonstrated that Indians in the UK were the largest diaspora group with 1.4m people³. Prime Minister Modi's visit and the 60,000 strong Wembley Stadium crowds he attracted in November last year showcased the deep bonds of the Indo-British community.⁴ Meanwhile, the Duke and Duchess of Cambridge's royal tour to India this April notably resulted in a sharp rise in holiday bookings to India.⁵

There are also significant Indian business-visitor trips to the UK – more than double their Chinese equivalent and twice the total spend. This underscores the fact that visitors to the UK do not just come simply to see the sights as increasingly each visit has a wider economic edge.

2017 will also be celebrated as the UK-India Year of Culture marking the 70th anniversary of Indian Independence. Events will include bilateral collaboration through business, art, music, design and much more. Granting a £87 two-year tourist visa for this milestone would be a practical step in enhancing the close affinities between our two nations.

Extending the visa pilot to include India is not just about governments, but also about people-to-people and economic-cultural exchange. Greater interaction through visitor visits will encourage familiarity. For instance, a British Council commissioned survey found 74% of young educated Indians indicated that they knew 'a great deal' or 'a fair amount' about Britain, yet only 21% of their British contemporaries were able to say the same about India.⁶

We will also demonstrate that despite the cultural links and the economic opportunities shared between the UK and India, the UK economy is losing market share. The trends show that while more and more Indians travel abroad, these travellers are choosing other country destinations. To arrest this development, policy changes need to be made that ensure the UK becomes a more attractive place to visit.

We should not just look at the headline Indian population figure of 1.3bn for its potential but particularly focus on the demographic advantage that shows that the average age will be 29 by 2020, making India the world's youngest country.⁷ The most recent data shows that those Indians aged 25-34 have consistently been the largest cohort visiting the UK, so building on these ties could bring benefits that last a lifetime.⁸

This report will be furnished with pen portraits from members of the public asked to comment on the visa proposal as well as leaders from aviation, tourism, and business community.. This qualitative approach aims to augment and amplify the sound quantitative data drawn from the International Passenger Survey and India's Ministry of Tourism.

Overall, the UK needs to send a clear and unambiguous signal to India and its citizens to say that the UK is open for visiting, preferably several times within a two-year period. This does not require new policy architecture to be put in place, but an extension of the same pilot currently running with China. This would give India, as a significant emerging economy with strong ties to the UK, recognition of its importance to the UK Government and the UK as a whole, while at the same time boosting the tourism industries of both nations.

WHY OFFER THIS VISITOR VISA TO INDIA?

Economic

It is widely accepted that India, as a nation, is on the rise. An emerging economy that is part of the so-called BRICS group of nations, it is the ninth largest economy in the world according to the World Bank.⁹ While the other BRICS economies are showing signs of slowing, India continues to boom and its growth has spread to the UK through greater trade and investment.¹⁰

Brilliant idea...It's long due. The Indian community's contribution to the UK economy needs to be recognised...The US grants 10 year Visa at a fixed low fee. Come on UK!"

Payal, UK

India meets Britain 2016, a report developed by Grant Thornton in collaboration with Confederation of Indian Industry (CII), shows that investment from India into the UK increased by 64% in 2014 alone and this contributed to the growth of some 800 Indian-owned businesses employing more than 110,000 people in Britain.¹¹ This makes India the UK's third largest Foreign Direct Investment (FDI) partner just behind the US and France.¹² Interestingly, India invests more into the UK than into the rest of Europe combined.¹³

However, FDI is not just one way. The UK is the third largest investor in India, behind Commonwealth partners Singapore and Mauritius. Between 2000 and 2015 the UK invested \$22.2bn into India, or 9% of all investment, and directly created 137,000 jobs.¹⁴ This underscores the continuing economic importance of India to the UK and given the former's strong economic outlook this could grow in significance if given the right encouragement.

Cultural

India's cultural imprint on the UK is significant, in part due to its 1.4m strong diaspora - from the Indian cuisine Britons sample each day, to its music, fashion, and cricketing prowess. Most recently, these links were utilised in VisitBritain's Bollywood Britain campaign which ran until March 2016 encouraging Indians

to travel to the UK. Crucially, all of these ties will be celebrated in 2017 with a UK-India Year of Culture. Commenting on the forthcoming programme Prime Minister David Cameron said:

“The great partnership between India and the UK extends beyond economic ties to the boards of The Bard and the beaches of Bollywood. We have some of the best cultural exports in the world – and it’s about time we celebrated this, together.”¹⁵

Let us not forget that the UK is the oldest modern democracy in the world, while India is the largest and this underpins further the cultural and political understanding between both countries. Collectively, these cultural attributes of the relationship have built trust between the two nations and this can be strengthened by giving India a visa option comparable to the one granted by the UK to Chinese nationals.

Commonwealth

India, alongside the UK, is part of the contemporary Commonwealth of Nations. This network consists of 53 nations with India making up half of its 2.3bn population across the world. The Commonwealth’s shared values, democratic tradition, commitment to human rights, legal systems, and language provide a distinct benefit, demonstrated as a *Commonwealth Advantage* offering economic and social returns of up to 20% between members.¹⁶

The rationale to call for India’s inclusion in the visa pilot in preference over other Commonwealth nations is due to the business and economic links set out above – India is a vast economic, democratic, and cultural power that can more than match China. Over time further arguments can be made to extend a reduced two-year visa fee to other Commonwealth nations such as South Africa, but as a pilot scheme India represents the best candidate.

This policy suggestion for a two-year UK visa for Indian nationals could provide a big boost to tourism, and comes at a very opportune time as 2017 is declared the UK-India Year of Culture. To optimize exchanges of people, business and ideas, it is important that

both the UK and Indian governments discuss this promising proposal openly and collaboratively consider delivering it. The strength of the UK-India relationship today must also reflect in a stronger visa regime.

Chandrajit Banerjee, Director General, Confederation of Indian Industry (CII)

UK VISITOR VISAS – A RECENT HISTORY

The UK's visa system has been simplified over recent years. Visitor visas, for those nations which require them, cost a fixed amount based on the number of years required, although the process can be expedited at varying costs per nation. A standard visitor visa costs £87 for six-month multiple entries, followed by a £330 two-year, £600 five-year, and £752 ten-year visa.¹⁷ By means of an international comparison India visitors to the US pay \$160 for a ten-year visitor visa which is considered a far more attractive offer.¹⁸

It's a shame that the UK government has one policy for the Chinese and other for Indians... Hope some sense prevails.

Gaurav, UK

Interestingly, the UK recently changed its visa regime with Chinese visitors securing a distinct advantage. During the Chinese Premier's visit to the UK in October 2015 David Cameron announced a reciprocal pilot visitor visa lasting two years for £87. This equates to a four-fold saving when

compared to buying four separate six-month visas to cover the two-year time frame. Importantly, this two-year extension also applies to the standard six-month £87 business-visitor version. This decision has created a favourable benefit to Chinese visitors over Indian or other Commonwealth nationals, who must pay £330 for a two-year visa. The six-month visa fees for 2016 have now increased to £87.¹⁹

Upon making the announcement Mr. Cameron said:

*"China is becoming one of our fastest-growing tourism markets so making it easier and more convenient for Chinese visitors to come to the UK is extremely important... It will mean that the UK has the best offer in Europe for Chinese tourists and will build on our already strong people to people links, strengthening UK-China relations further."*²⁰

This was echoed by the UK-China Visa Alliance's (UKCVA) chairman, Richard Dickinson:

*"Prioritising longer lasting visas is a significant step forward in the campaign to encourage more Chinese visitors to the UK. It's great value and reduces the need to apply for a new visa for every trip. We warmly welcome this initiative."*²¹

Furthermore, the Home Office is piloting a double visa process for Chinese visitors, thanks to an agreement between the UK and Belgium that allows Chinese applicants to obtain both a Schengen and UK visa during

India is among the top 3 foreign investors in the UK economy, highlighting deep business links between the countries. Several companies require professionals going out for business travel to London and other regions in the UK quite frequently. From an inward investment point of view, the 2 year UK visitor visa would enhance ease of doing business with the UK as compared to securing a visa every 6 months! And that's how business in the 21st century should be –practical, productive and problem-free.

Dr Naushad Forbes, President, Confederation of Indian Industry (CII)

a single visit to a UK visa application centre.²² A similar bilateral scheme was set up between the UK and Ireland whereby Indian nationals can visit the two countries using just one visa.²³

Some developments have taken place to streamline UK visitor visas for Indians. As of mid-2016 there are now 15 visa application centres in India²⁴ - an increase of three since 2014.²⁵ The most recent centre to be opened was in February 2016 in Hyderabad and will allow Indians to apply for both UK and Schengen visas at the same time.²⁶

Despite these small advances and possible future bilateral services between the UK other Schengen nations for India and China, the UK Government remains committed to not joining the Schengen Zone. Accordingly, other policy solutions were required for foreign nationals visiting.

Three weeks after the Chinese State visit the UK welcomed the Prime Minister of India, Narendra Modi. There were hopes that India would be granted the same visa concession during the visit, although in the event this did not happen.²⁷

As the UK has recently recognised the power of its visa system to encourage tourism and business visits as demonstrated by the China announcement, we take the view that it should apply these lessons elsewhere, with India offering the next best opportunity.

It should be clear that this is not a one-way street: over the last few years India has made it significantly easier for UK visitors to obtain a visa. In November 2014 the Indian Government launched its e-tourist visa and just under a year later the UK was added. As a result, Britons no longer need to book an appointment at a processing agency and can simply apply and pay online. Crucially, this cut the cost of a visa to India from £90 to around £40.²⁸ This has had a dramatic effect on British visitor numbers to India who are now using the easier and cheaper service. For example, 24% of the 83,501 e-tourist travellers to India in November 2015 were British nationals.²⁹ This has demonstrably helped to make India a more favourable tourist destination for UK travellers and bring numbers back to the 2008 peak of around 1m visits. This provides the UK Government with an ideal opportunity to reply in kind by extending a more favourable two-year visitor visa to Indian visitors.

With flights to and from India's seven largest cities, Heathrow provides some of the UK's most important links with the country. India is one of the fast-growing economies whose population has an increasing desire to travel the globe to visit exciting destinations or to seek investment opportunities in London and around the UK via Heathrow. With the UK's close ties to India, we are well-placed to attract these visitors and Heathrow's transport links are crucial to achieving this.

John Holland-Kaye, CEO, Heathrow Airport

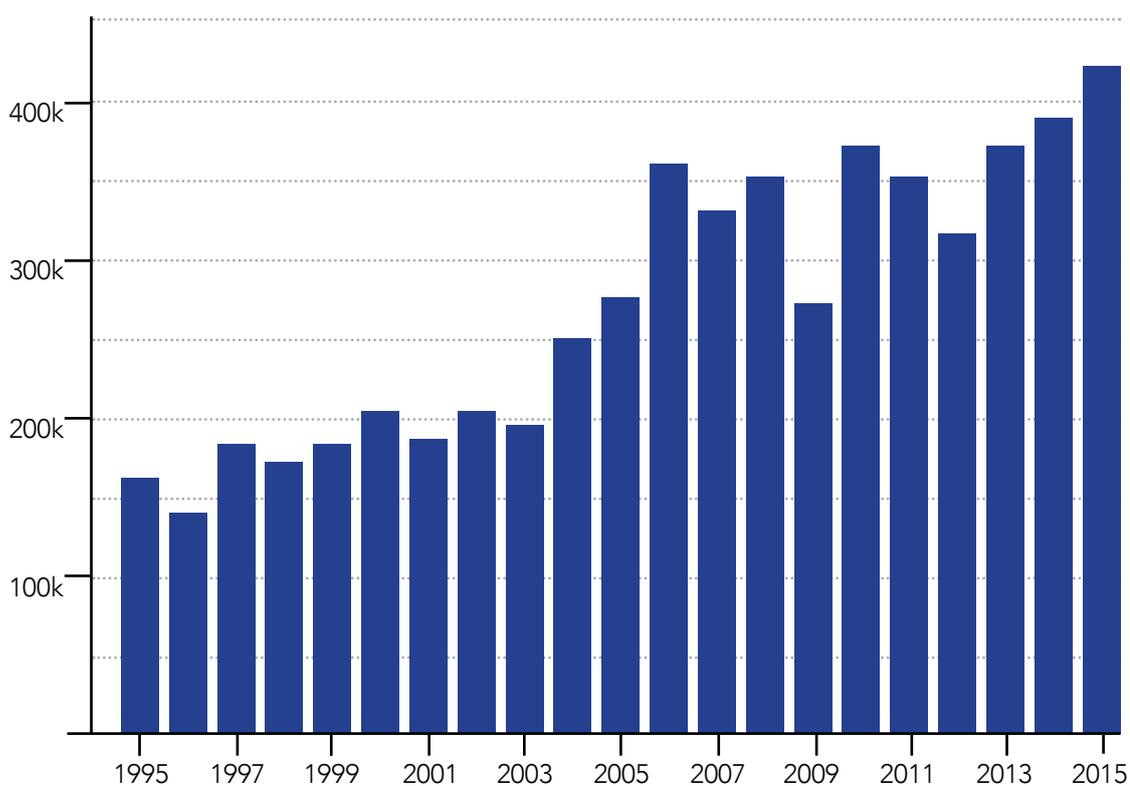


INDIAN VISITORS TO THE UK - THE ECONOMIC CASE

The primary data resources used in this report are the UK's annual International Passenger Survey (IPS) and India's Ministry of Tourism yearly report. The IPS was established in 1961 collecting information about passengers entering and leaving Britain through the Office of National Statistics (ONS). Its methodology is to conduct around 800,000 interviews a year with 250,000 being used to produce inbound and outbound estimates.³⁰ This report will go as far back as 1995, where possible, in order to show modern day trends.

As Chart 1 shows the number of Indian visitors to the UK has clearly increased significantly from around 150,000 in 1995 to just over 350,000 in 2006. However, this substantial increase lost momentum with an increase of just 23,000 (367,000 to 390,000) between 2006 and 2014, with a few small peaks and troughs along the way; however, 2015 saw a more positive growth to 422,409.

**CHART 1
INDIAN VISITOR NUMBERS TO THE UK**

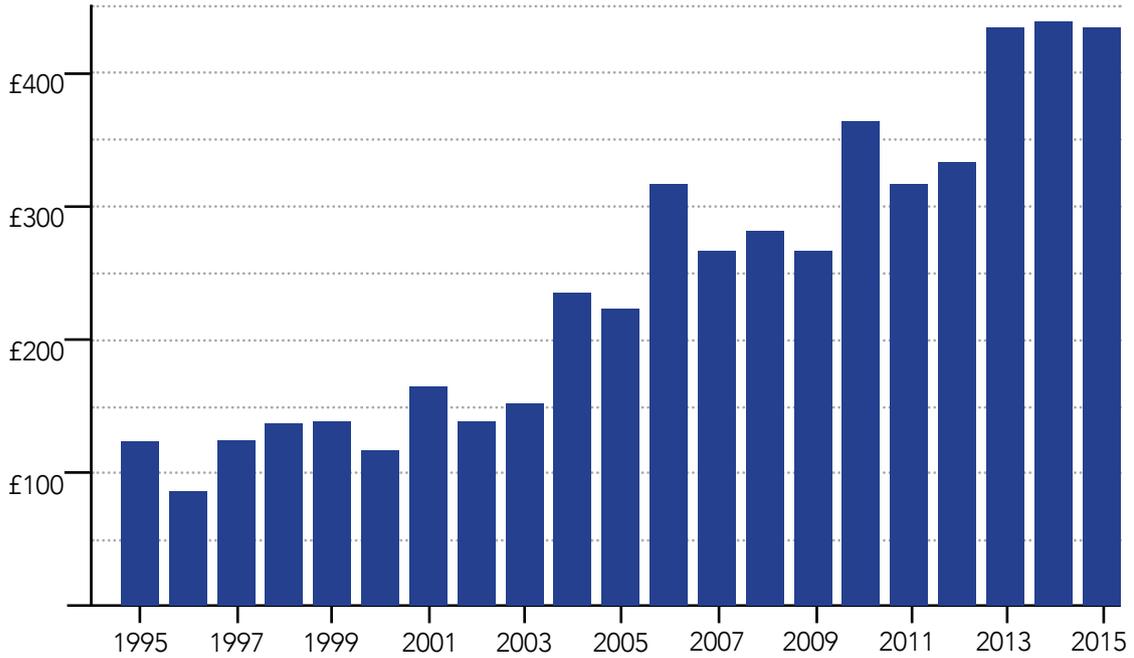


Source: International Passenger Survey (IPS)

Part of this stall can be attributed to the global recession and the trend upwards in recent years could signal the economic upturn. However, as will be shown, the overall outflow of Indian visitors to global destinations has increased dramatically and is now at 18.3m. The marginal increase of Indian visitors to the UK is not repeated in other selected countries, where increases are proportionally larger (See Chart 6).

The total spend of Indian nationals in the UK has witnessed a strong increase from £124m in 1995 to £444m in 2014 (Chart 2). Its 2014 total is more than those for South Africa (£230m), Mexico (£64m), Brazil (£253m), and Japan (£226m), which are viewed as target markets.

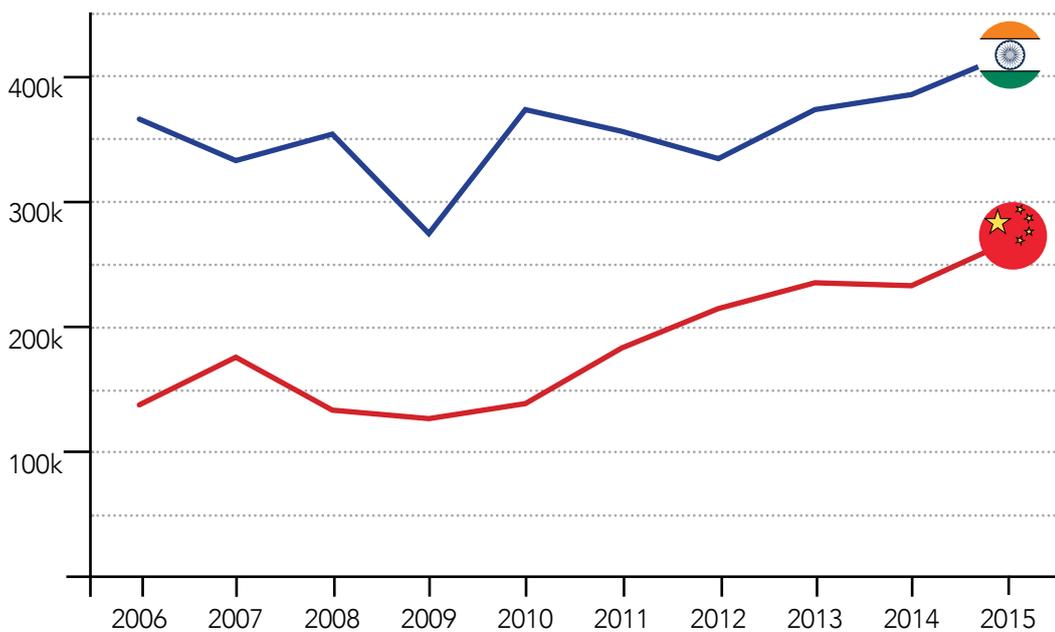
**CHART 2
INDIAN VISITORS TOTAL SPEND IN THE UK (£M)**



Source: IPS

The trend in visitor numbers and total spend contrasts to that relating to Chinese visitors. Despite both nations having some 1.3bn citizens with an increasing appetite for foreign travel, the UK’s diaspora and historical ties with India has still resulted in more visitors to the UK than Chinese nationals. Figures from 2006 to 2015 show Indian numbers of between 350,000 and 420,000, while Chinese visitors have seen a pronounced incline from around 150,000 to nearly 270,000 over the same period (Chart 3).

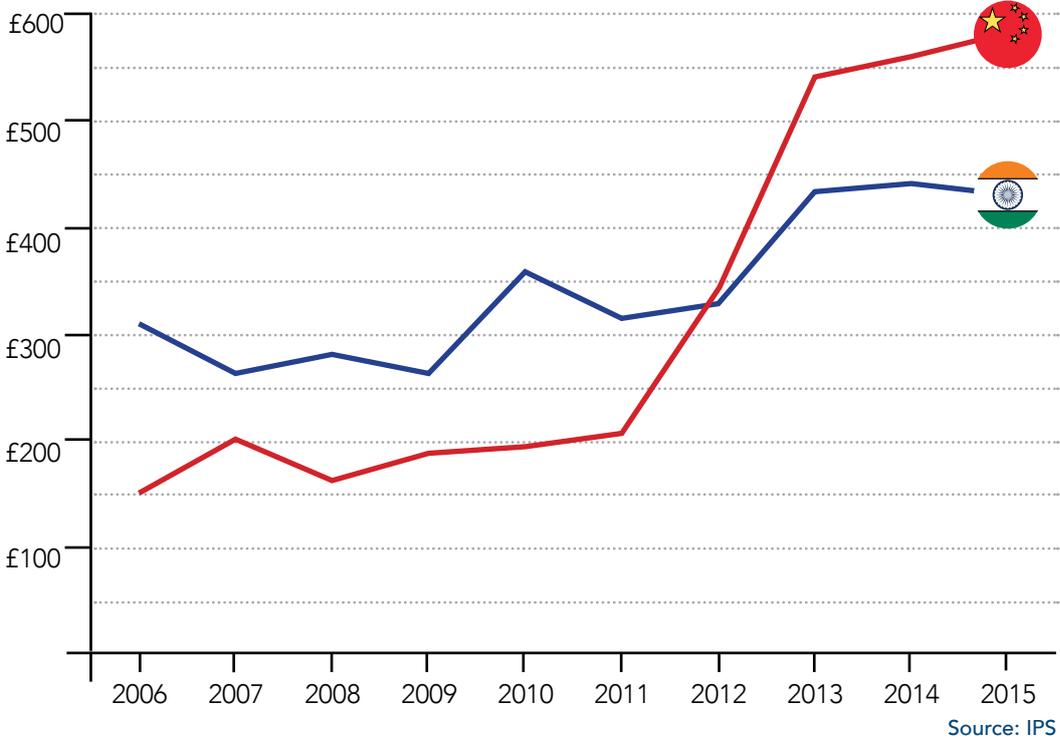
**CHART 3
INDIAN AND CHINESE VISITOR NUMBERS TO THE UK**



Source: IPS

Traditionally, Indian nationals' total spend in the UK outstripped those of Chinese nationals mainly due to the greater number of visitor numbers. However, since 2012 this is no longer the case with the Chinese now spending £586m compared to India's £433m annual contribution to the UK's economy (Chart 4).

**CHART 4
INDIAN AND CHINESE VISITORS' TOTAL SPEND IN THE UK (£M)**



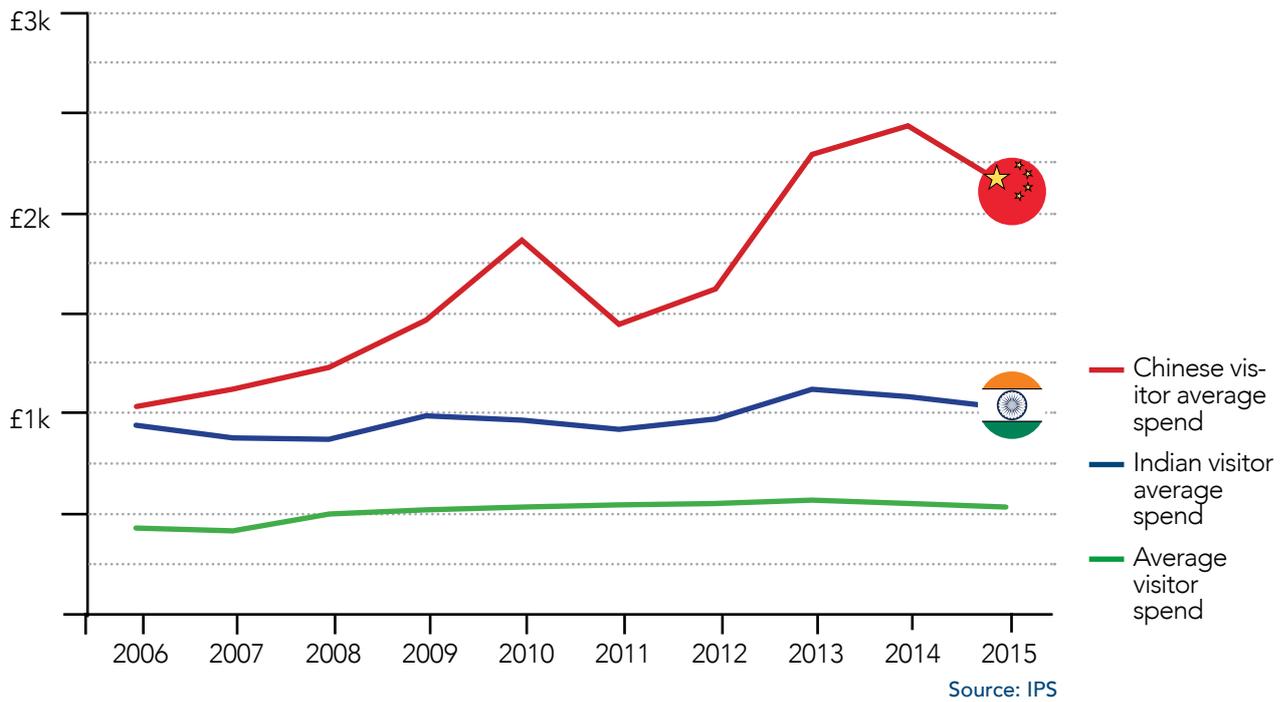
This is accounted for by Chinese visitors outperforming on average individual spend. The Chinese visitors to the UK have a greater disposable income than Indian visitors, compensating for their lower overall numbers. Since 2011, this disparity has accelerated with the gap now standing at £2,174 to £1,025 in 2015 (Chart 5). Despite this, India remains a very valuable market which is consistently well above the average overall spending per visit of £611 for all visitors to the UK. Indian visitors' average spend is almost twice overall average, a fact which should not be overlooked.

The business relationship between the UK and India is at an incredibly exciting stage. There are countless opportunities for the two countries to work together to improve trade, investment and cultural relations. This will be helped enormously by the proposed introduction of the UK visitor visa scheme for India. It would act as a tangible step in enhancing access to the UK and encouraging the creation of new relationships and opportunities, which will mutually benefit both countries. As well as the commercial, scientific and academic collaborations, there is so much scope to develop personal links, enhance cultural awareness, foster deeper relationships and grow community engagement. These activities would all be helped, by embracing the reforms, which make it far easier for Indian citizens to visit and work in the UK.

Amarjit Singh, CEO of The India Business Group (IBG), UK



**CHART 5
INDIAN, CHINESE, AND OVERALL VISITOR AVERAGE SPENDS IN THE UK**



India represents a huge market whose population continues to grow, and will surpass China in the next few years. There is a clear business case for the UK to encourage more Indian visitors and target campaigns at those Indians with a higher disposable income, using China as an economic benchmark in that regard.

India's burgeoning middle class is key to this development.³¹ A recent Credit Suisse report states that India's middle class is 24m.³² The report revealed that over 15 years some 6.7m Indians joined its definition of middle class. Ernst & Young suggests that India's middle class will expand over the coming decade reaching 200m.³³ Indian nationals are becoming wealthier and this has translated into an increase in the number of travellers, which the UK has not yet sufficiently courted. The rationale for encouraging Indian visitors was encapsulated by what the former Chief Executive of VisitBritain, Sandie Dawe, told the BBC in 2014:

"Of the BRICS nations, India is the most important...for us [the UK] in terms of volume and value."³⁴

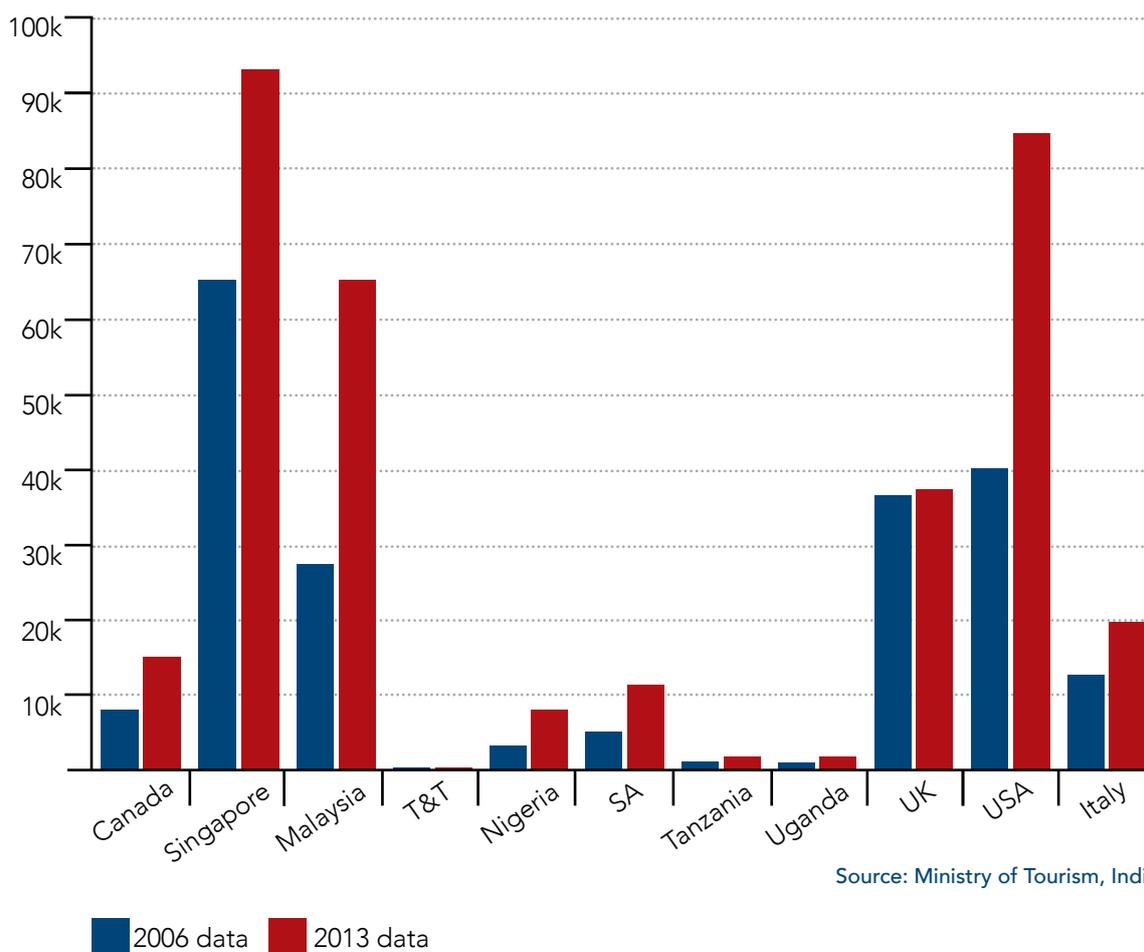
Extending the visa pilot to India will send a clear signal to those potential visitors that the UK welcomes them and wants to make their travels easier.

MARKET SHARE – THE UK LOSING OUT

There has been a rapid increase in Indians travelling globally with an average growth rate of 10% from 1991 to 2014 – yet the UK has seen little of these increased visitor numbers. Numerically, just shy of two million Indians travelled abroad in 1999, while in 2006 this figure stood at 8.3m and in 2014 it was 18.3m.³⁵ This is against the backdrop of a population that currently stands at 1.3bn which, in percentage terms, means only 1.4% of the Indian population in 2014 went abroad. The scope for growth is colossal and would allow the UK to tap into the Indian tourist market through attractive visa incentives.

Despite this potential, if we take a snapshot of total Indian visitor numbers in 2006 (pre-recession) and 2013 (post-recession) we see that growth in Indian visitors has stalled in the UK, while at the same time it has doubled in our selected countries or even increased by a third (Chart 6). The rationale for choosing these comparator nations is that they are a cross-section of Commonwealth nations, while the US represents a strong Western growth market and Italy is a European competitor to the UK. Peculiarly, data for France and Germany was not included in India’s Ministry of Tourism annual reporting. We accept that some nations such as Canada, Nigeria, South Africa, and Italy started from a smaller base but they have secured strong growth nonetheless.

**CHART 6
NUMBER OF INDIA TOURISTS TO SELECT DESTINATIONS**



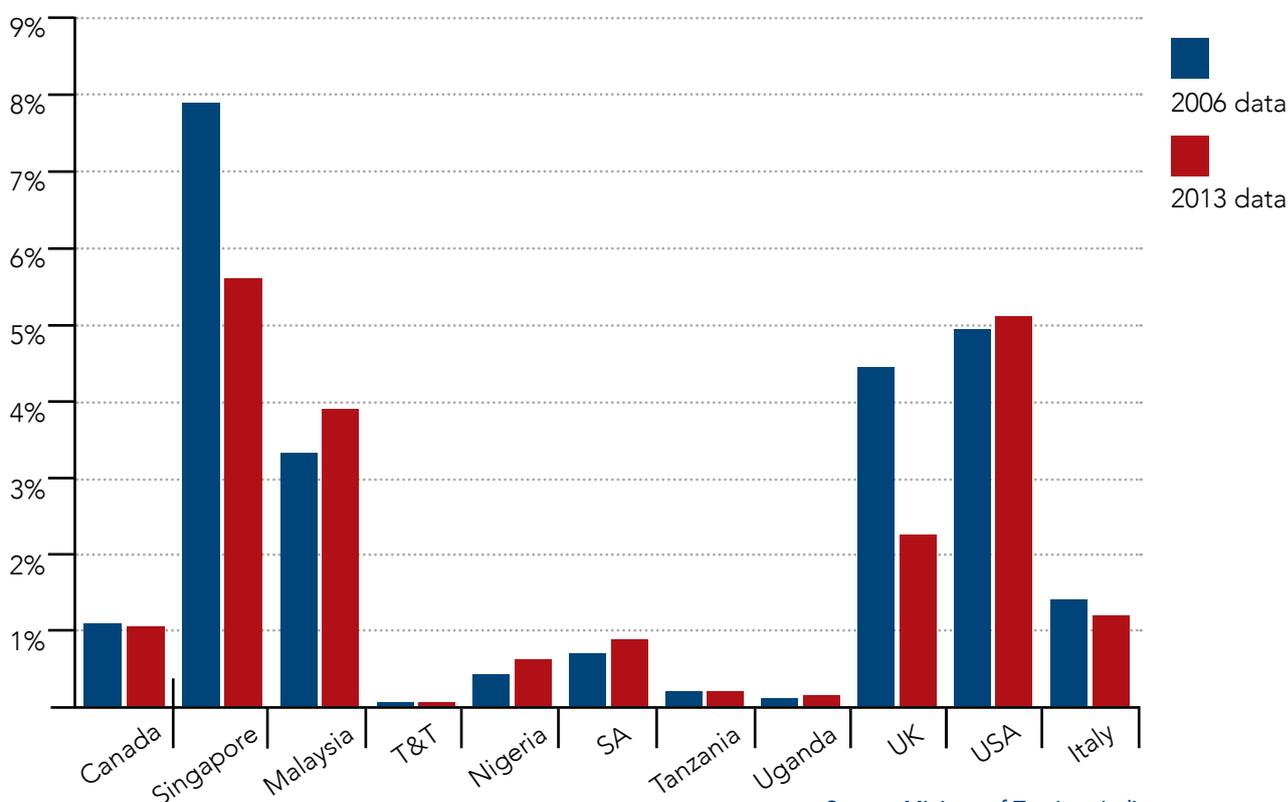
Only when this data is extrapolated into market share does the scale of the issue become apparent. The UK had a 4.42% share in worldwide Indian tourism in 2006. Since then, this share has more than halved and now stands at only 2.13%.³⁶ This downward trend continues despite the annual growth of Indian tourism mentioned above. Of those comparator nations we have chosen to sample, most have either seen a small increase in market share or at the very least retained their percentage share, as Chart 7 shows.

Air India is happy to support this positive move towards longer term more economical visas for Indians to visit the UK. This will undoubtedly increase the volume of traffic and business to the UK. It would bring cheer to the many tourists, non-resident Indians and their families and most definitely result in increased trips to the most popular destination for Indians visiting Europe.

Tara Naidu, Regional Manager - UK & Europe, Air India

This trend is significant for the UK's tourism industry and economy as a whole. If the UK was able to maintain its 2006 market share of 4.4%, with an Indian tourist population of 18.3m in 2014, this would have translated into 810,000 visits to the UK as opposed to the 390,000 that did in fact visit. As the Indian visitor average spend was £1,137 in 2014 a quick multiplication shows that total Indian spend would have been £921m as opposed to only £444m. This headline spend of £921m would have also translated into extra tourism jobs in the UK. A recent study undertaken by Deloitte for VisitBritain calculated that an extra £54,000 must be spent in the UK to create one new full time job in the industry.³⁷ On this basis, the £477m loss by not maintaining market share is calculated to mean 8,833 tourism-linked jobs were not generated.

**CHART 7
MARKET SHARE OF GLOBAL INDIAN VISITORS TO SELECT DESTINATIONS (%)**



Source: Ministry of Tourism, India

Our closest neighbours are taking advantage of the growth in Indian tourism, with France leapfrogging the UK in terms of annual Indian visitor numbers. The France Tourism Development Agency provided information to our report that Indian visitors were previously recorded as part of Asia as a whole up until 2011. The Agency estimates that around 200,000 Indians visited France in 2010. The numbers have almost doubled from 260,000 in 2011 to 500,000 in 2015, increasing rapidly each year.³⁸ Since January 2015, France has granted a 48-hour visa process for Indian visitors. This is expected to increase numbers further during 2016 and beyond.³⁹ The Agency also estimated that 85% of Indian visitors to France come for leisure with the remaining 15% coming for business which differs from the UK's 27.4% of business visits.

Germany has also made significant attempts to attract Indian visitors.⁴⁰ For example, marketing from the German National Tourist Office has resulted a more active presence in India and, by organising a number of roadshows, it has positioned Germany to Indians as the 'heart of nature in Europe' thereby helping to grow visitor numbers.⁴¹

Given this strong competition from our European neighbours, our visa reform recommendation provides the UK with an opportunity to regain its status as Indian nationals' most visited European destination.

To conclude, the growth in the India traveller market is tangible and looks set to continue into the next decade. This presents a prize opportunity. However, the UK is not capitalising on this sufficiently to keep pace with competitor countries. By addressing this with specific visa reform the UK could help recoup the £477m p.a. in lost revenue and over 8,000 jobs which have been overlooked.

As one of Asia's largest and finest group of hotels with a strategic presence in the UK, Taj Hotels Resorts and Palaces stands testament to the substantial contribution and potential of the UK's visa operations in India, one of the largest and most efficient globally. Fundamentally, we seek to embody and promote the philosophy enshrined in the definition of hospitality as the 'friendly and generous reception and entertainment of guests, visitors, or strangers'. As such, we welcome, encourage and wholeheartedly support progressive visa policy that enables more flexible travel and better value for money, offering a crucial competitive advantage to alternative travel destinations, particularly for visiting nationals from key growing source markets.

Indian nationals visiting the UK spend nearly twice as much as the average visitor and stay nearly three weeks, ranking among the top 5 markets and witnessing an expenditure growth of over 7.5 times the average. Enjoying a favoured status with Indian luxury travellers, we can attest that they stay substantially longer and spend more per stay than luxury travellers from other major source markets, with significant and growing interest in making multiple trips to the UK for longer periods. Our presence, investment and continued confidence in the region is driven by our belief in the substantial contribution to business and the economy and underpinned by the promise of progressive visa and immigration policies.

Digvijay Singh, General Manager, Taj Hotel, 51 Buckingham Gate



STRENGTH OF INDIAN BUSINESS VISITORS TO THE UK

The purpose of visits to the UK is fundamental to the economic argument. Since 2010 tourist visitors have consistently comprised the largest component of overall Indian visitor numbers but business visitors were not far behind. All three types of visit (distinguished by the IPS) are now around the same levels, with business on 27%, tourist on 34%, and visiting relatives and friends (VRF) on 33%.

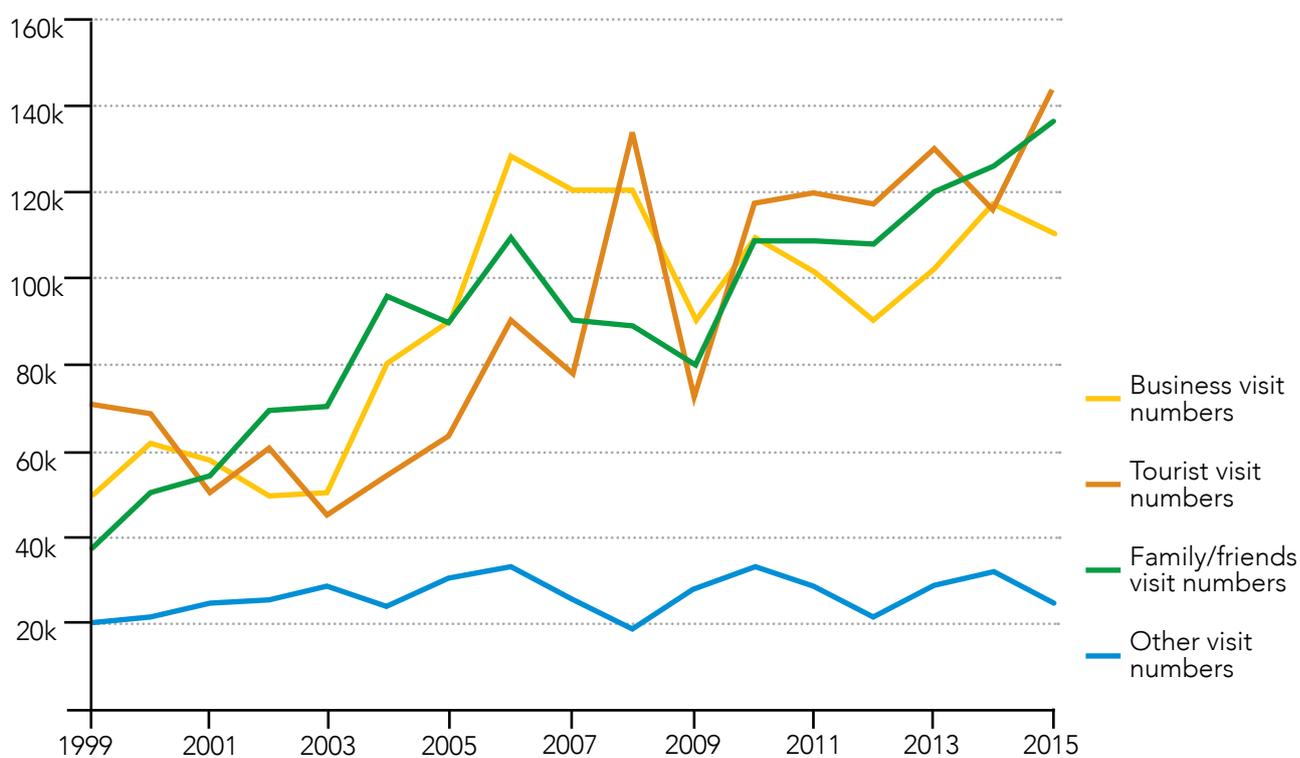
The high numbers of VRF highlight the close bond that the Indian diaspora shares with the UK, as indicated by the 2011 Census. Moreover, VRF combined with those of business visits (higher than most other foreign business visitors to the UK) show that these two groups will be the main beneficiaries of a low cost two-year visa, offering a huge appeal to over 60% of the current Indian market.

This would build on existing developments. Chart 8 shows that from 2000-08 there has been a trend of higher Indian business visitor numbers than those of regular tourist visitors. In recent years, these business visitors have slipped behind the other groups. Developing more attractive visitor visas should have the effect of increasing business visitor numbers as a share of total visits, as our pen portraits from industry attest.

For the large amount of Indian diaspora present in UK, who have family visiting them frequently, this would be a boon. The costs aside for a 6 month visa, the process and time lag are very inconvenient as well. India has one of the largest demographic segments of purchasing power, young well-heeled professionals who love to travel and explore new cities. If we cannot align with a Schengen visa the least we can do is to make the process for a UK visa simpler and more cost effective.

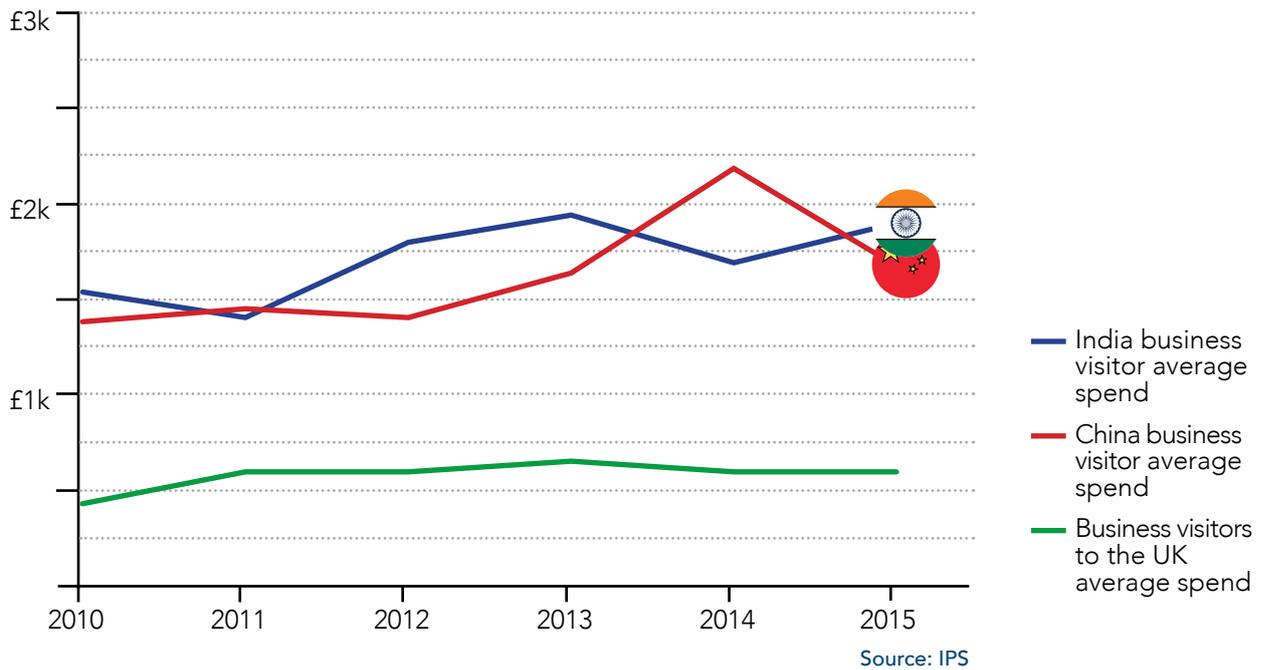
Deepa, UK

**CHART 8
PURPOSE OF VISIT TO THE UK BY INDIAN NATIONALS**



Source: IPS

**CHART 9
AVERAGE BUSINESS VISITOR SPEND IN THE UK FOR INDIA, CHINESE,
AND OVERALL AVERAGE**



It is also pertinent to compare the number of India's business visitors and their spending in the UK to those of China. Over the last five years Indian visitors total spend in the UK has been higher than China's as a result of their overall numbers being higher. For example in 2014, 117,000 Indian visitors spent £201m compared to 48,000 Chinese spending £97m. However, in terms of averages this remained consistent until 2014, as Chart 9 demonstrates, with Indian business visitors spending £1,718 compared to the £2,020 of their Chinese counterparts. This was reversed again last year with average Indian business spend of £1,912 compared to £1,687 for Chinese nationals. This confirms the importance and high value of Indian business. Indeed, when looking at the overall average business spend of £607, Indian spending is almost three times more.

UK DESTINATIONS OF INDIAN VISITORS

Destinations within the UK are also significant for the British Government, as set out in its objective of rebalancing tourism out of London to the rest of UK. VisitBritain data shows that at present Indian visitors are even more likely to visit London than the rest of England compared to the average visitor.⁴² Incidentally, Heathrow also takes the near total of UK-bound seats from India with Birmingham Airport taking a small share. Birmingham Airport has extended its India portfolio in 2014 from four flights per week to a new daily service courtesy of Air India and builds on its 2013 return to the airport.⁴³ In light of this development a more favourable visa price point could stimulate demand and direct air connectivity across the UK thereby helping the UK Government in achieving its aim.

Taken together it is wise to consider the manifold aspects of Indian visitors to the UK. The overall annual numbers are high but have not increased at the same rate as with competitor countries in recent years despite the significant overall increase of Indians travelling abroad. Overall spending is strong, although ground has been lost to China in recent years, but remains nearly double the average visitor spend.

In particular, Indian business visitors make up a significantly larger proportion of its nation's overall UK visitor numbers when compared to China's business visitor numbers. Indian business visitors also spend more than their Chinese counterparts. This presents an opportunity for the UK to re-engage with Indian tourists, by presenting the UK as both a holiday and business destination. A two-year visa for £87 to mirror the recent Chinese package will certainly make the UK more attractive with a view not only to increase numbers to aid with market share, but also spending to boost Britain's tourist economy.

As of the end of 2015, over 120,000 people had flown to Birmingham from Delhi and Amristar since Air India launched direct flights to Birmingham in 2013, which then increased in frequency the following the year. The injection of tourism and investment resulting from this link has provided a significant boost to our region's economy, which has long enjoyed close ties with India.

According to independent analysis published last year, every long haul foreign passenger using Birmingham Airport delivers over £900 for the UK economy. UKTI has found that investment from India

Paul Kehoe, CEO of Birmingham Airport

has played a particularly important role in the West Midlands economy. This is a result of our transport links combined with our shared strength in manufacturing. More than 6,000 jobs in the West Midlands were created or safeguarded over 2014/15 as a result of record foreign direct investment, including Indian Amtek Auto Group's announcement of a new £5 million facility and Tata's continued investment in JLR.

Improved visa incentives and reduced prices would support this growth, providing a further boost to the Midlands Engine.

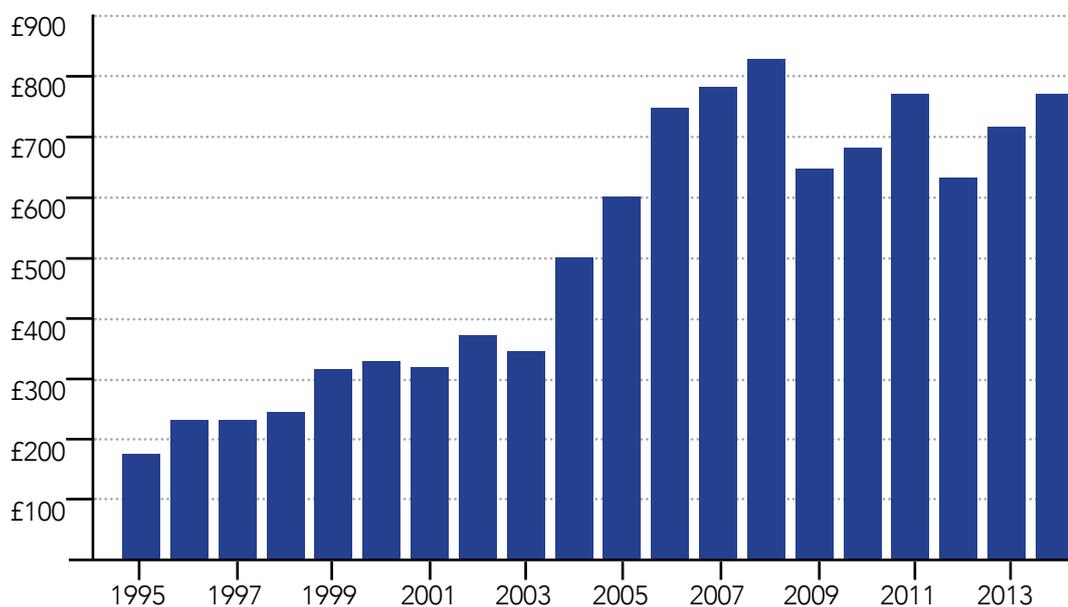
UK VISITORS TO INDIA

This report should also reflect on British visitors to India. In fact, the overall numbers are rather impressive, with the British nationals ranked as the third largest national market for Indian tourism. The United States and Bangladesh are first and second, respectively. As Chart 10 shows the British figures grew from around 400,000 in 1995 and accelerated significantly in 2003, reaching just under 1m by 2007. The recession years have seen a slump, with visits only recently starting to climb back to the 900,000 mark. Notably, the BBC recently covered a story on travel to Goa, popular with British tourists, highlighting the decrease in numbers.⁴⁴

My parents have 10-years visa this time but visa fees are way too high... Still the process is less hassle for them now...but I am already imagining the benefits of cheaper two-year duration visa.

Rashmi, UK

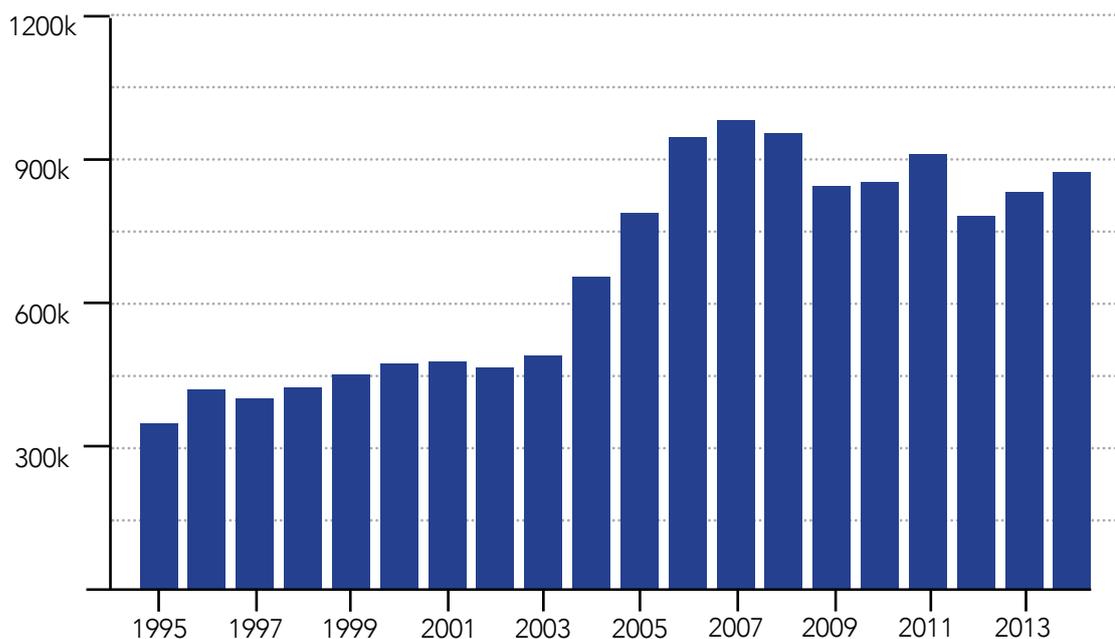
CHART 11
UK VISITOR TOTAL SPEND IN INDIA (£M)



Source: Ministry of Tourism, India

As expected, this visitor trend is replicated in total spend with a record £831m in 2008. As of 2014 this figure stands at £774m (Chart 11). Clearly, India has reacted to this small slump in figures and total spend with reform such as the introduction of its e-visa scheme which has seen British nationals making up nearly a quarter of all applications during the Christmas period.⁴⁵ The latest figure from May 2016 sees Britons with a 15.6% share behind the highest ranking USA with 18.5%.⁴⁶

CHART 10
NUMBER OF UK VISITORS TO INDIA



Source: Ministry of Tourism, India

Meanwhile, the 2013 breakdown in visa types show a 65.6%-20.4% split between tourist visitors and business visitors, with only 9.5% of visits by overseas citizens of India who now reside in the UK.⁴⁷ This is in contrast to India-to-UK travel as shown previously. To conclude, it is time that the UK reciprocates, in policy terms, by making the UK a more welcoming destination for Indian visitors. A £87 two-year visa will certainly contribute to this aim.

CONCLUSION

Throughout this report we have identified why the UK-Indian relationship remains strong. However, there are public policy opportunities currently being left on the table that could so easily strengthen this further to the benefit of both nations. The Indian community in the UK and those wishing to visit for business and leisure are calling for reforms that will provide a fairer system similar to that given to Chinese nationals. That is why we recommend that India joins the two-year visitor visa pilot.

The numbers are compelling and present significant potential opportunities for the UK tourist industry and the wider economy. The fact that Indian visitor growth has remained at around 400,000 per annum in recent years, while overall Indian tourist numbers globally have soared, including to our closest neighbour France is a clear indication that the UK is failing to attract sufficient leisure and business visitors. The total annual spend by Indian visitors of £433m in 2015 is comparatively high, but has been recently outstripped by Chinese visitors, who now benefit through a more favourable UK bilateral visa regime and more active efforts to attract them to the UK.

By not reacting swiftly, the UK is further risking its market share of the growing global number of Indian visitors. The UK's share has contracted by half, while its main competitors are growing or remaining stable. This shows that the UK cannot take Indian visitors for granted and must work much harder to attract them, as it has done in relation to Chinese visitors. The introduction of the £87 two-year visa pilot scheme to replace the existing £330 offer for Indian visitors will prove an excellent and popular policy measure, as our pen portraits have illustrated.

This policy proposal is not new and builds on the existing UK offer to China. Adding India to the scheme will signal the UK's intent that it views China and India as being on an equal footing. It will build on the strong historical, cultural, and economic ties that exist already. This is reinforced by Commonwealth membership and shared values which will prove fertile ground in ensuring Indian business visitors and tourists are made to feel welcome. This change will encourage their spending, investment, and trade in the UK.

There is no better and more opportune time to rolling out such a pilot scheme extension than during 2017, which is the UK-India Year of Culture and marks the 70th anniversary of Indian Independence. 2017 will see bilateral collaboration in business, art, music, design and so much more. Granting a £87 two-year visitor visa in time for this milestone would go a long way in enhancing the close affinities between our two peoples for their mutual benefit.

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