



A study of the expanding role of TFCI in response to the rapid rise of the tourism sector in India

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Abstract

Background/Objectives: There is a massive increase in the contribution of the Tourism finance corporation of India on the growth and development of tourism sector in India. The article attempts to study the impact of pandemic on the operations of the sector and the comeback mechanism.

Method: Literature review and analysis is applied for the collection of data and interpretation of results.

Significance of the study: There is an evaluation of the crucial importance of the Tourism finance corporation of India in the growth and development of the tourism sector in India post pandemic.

Findings: The published studies depict that the Tourism finance corporation of India has ensured all-inclusive growth and delivered exceptional services during covid 19.

Conclusion: There is significant contribution of Tourism finance corporation of India on the growth and expansion of tourism sector in India.

Keywords: Tourism finance corporation of India, inclusive growth, covid 19, economic development.

Introduction

India has been a travel paradise for tourists and travelers around the world from ancient times to the present day due to its rich cultural heritage and boundless beauty. With a diverse mix of majestic mountains, raging rivers, valleys, deserts, forests, gleaming lakes, stunning beaches and tropical islands, this country has everything a vacationer is looking for and will cherish a lifetime of fact and the unlimited opportunities it offers, the tourism sector in India has become one of the most important in the country and the spearhead of the country's economy. According to the World Travel and Tourism Council (WTTC), tourism generated US\$194 billion or 6.8% of

India's GDP in 2019 and supported 39.80 million jobs, accounting for 8% of total employment in the pre-COVID world.

TFCI – India’s Premium Tourism Financial Institution

Tourism Finance Corporation of India Limited is an India-based financial institution. The company provides financial support for new, expansion, diversification, renovation/modernization projects in the tourism sector, service sector and related activities, facilities and services. It offers financial support to its customers in the form of term loans. The Company's focus is on providing financing solutions to borrowers operating in the tourism, healthcare, education, logistics and pharmaceutical sectors. It offers Rupee Term Loans, Project Loans, Corporate Loans, Loans Against Securities, Bridging Loans, Acquisition of Financing, Subscription of Stocks/Debts and others. It provides support on greenfield, expansion, diversification and modernization projects. It offers both variable rate and fixed rate loans. He also invests in non-convertible debt securities (NCDs) of rated companies and subscribes to shares on a case-by-case basis.

Given the extraordinary growth that tourism in India was likely to experience, it was only natural for the leaders of Independent India to lay the groundwork to build a structure that would continue to bring revenue and the country's economy will boost. With this in mind, the National Committee on Tourism began laying stone upon stone in the form of guidelines for promoting tourism in India.

The end result of this work was the birth of the Tourism Finance Corporation of India (TFCI), a specialized financing institution that was founded in 1989 and since then has been instrumental in creating a tourism infrastructure across the country, creating thousands of job opportunities and vibrant tourism hubs.

Over the past three decades, TFCI has played a critical role in developing tourism infrastructure in the country by funding diverse segments including niche sectors such as heritage tourism, cruises, adventure, medical, wellness, sports, MICE, eco-tourism, film, rural and religious Tourism etc.

TFCI: A Catalyst in Countless Thriving Tourism Projects

TFCI has acted as a catalyst in the creation of infrastructure in India's hospitality industry since its inception. It has also enabled various companies to direct their investments to different segments and locations of the tourism industry. Founded by a group of government organizations such as IFCI, LIC, OIC, SBI, BOI, Canara Bank etc.,

TFCI has played an active role in creating many innovations in the tourism sector for the country, with projects having proven successful in some of the most popular tourist attractions in India. Some of these firsts are the Indian Railways Palace on Wheels, Esselworld, the Ananda Spa and Wellness Resort in the Himalayas and many more that are now known in fact worldwide as unique hospitality offerings.

The leading financing institution has backed a variety of branded hotels in India to date and has been affiliated with almost all major domestic and international brands such as ITC, Leela, Taj, Lalit, Lemon Tree, Hyatt, Marriott, Hilton, Radisson, Holiday Inn, etc.

Around To create the necessary infrastructure and increase demand, TFCI has also acted as an advisor to the central government of India and several state governments and their affiliated agencies to help tourism flourish in the country.

To name a few companies, it has been established with Ministry of Environment and Forests (GoI), Government of Gujarat, Gujarat State Tourism Development Corporation, Tamil Nadu Tourism Development Corporation, MP State Tourism Development Corporation Ltd., Delhi Tourism Transport Development Corporation, The Jharkhand Tourism Development Corporation, The Government of Himachal Pradesh, etc. TFCI had also advised the Ministry of Railways on the launch and management of Pan-India luxury train services.

An all-inclusive growth

TFCI has been at the forefront to help build sustainable infrastructure to bridge the gap between financial constraints and upcoming projects. To drive inclusive growth, one of TFCI's key long-term visions is to build sustainable growth hotspots for micro, small and medium-sized enterprises (MSMEs) in the country. The MSME segment continues to benefit and strengthen with extensive financial lending support from TFCI, which owns almost 90% of its hospitality portfolio from the MSME category.

As a specialized NBFC, TFCI's vision is to unleash the full potential of promoting tourism in India and accelerating the wheels of economic growth to create more job opportunities and sustainable livelihoods. This has paved the way for successful implementation of promotional activities at tourist attractions, clear assessment of market potential, construction of sustainable infrastructure and feasibility studies. As part of its lending philosophy, TFCI continues to provide financial services and create value in the hospitality and related sectors. It

is believed that these not only create the right environment for better tourism, but also create more jobs, giving a further boost to the economy.

Delivering Exceptional Services Amid COVID-19

As the country begins to recover from the COVID impact, several impacted travel destinations are bouncing back. During these unprecedented times, TFCI has proactively supported its existing portfolio, expanding support with additional funding under various programs such as the government-guaranteed ECLGS program and the RBI-Covid package, and expanding additional funding wherever required, to allow borrowers to bridge temporary liquidity mismatches until operations stabilize.

During the pandemic, its exceptional service, led by outstanding executives with diverse experience, became the greatest asset and support to overcome the Covid-19 situation, and providing a firm backbone for the hospitality industry during difficult times of the crisis, TFCI also managed to continue healthy profitability. As of 31 March 2021, its loan book stood at Rs 1,977 Cr (of which 84% for MSME segment) with new disbursements of Rs 457 Cr in FY21. Despite the challenging environment, it remained financially robust, posting an after-tax profit of Rs. 81 Cr. during the fiscal year 21.

Additionally, tourism and related sectors accounted for around 79% of assets under management, with exposure to hotels, resorts, convention centres, restaurant chains, amusement parks, etc. Government-led initiatives such as the launch of the ECLGS scheme, which are a great relief for high-contact sectors such as hospitality etc. are likely to play a crucial role in quickly bringing growth numbers back to what they were before the pandemic, through the proactive support of TFCI.

TFCI: A Unique Success Story Creating Countless Success Stories

The tourism sector was recognized as a major contributor to the country's GDP, with an ever-growing ability to employ millions in the strong MSME segment. TFCI has been instrumental in this through its role in funding countless MSME projects across the country.

India's leading financial institution has also been instrumental in funding the restoration and transformation of royal heritage sites such as Umaid Bhavan, Devigarh Fort, Chomu Haveli and Jehan Numa Palace into successful renovation projects. Entertainment centers and water parks such as Nicco Park, Shankus Water Park, Kishkinta Kingdom of Fun, Black Thunder Water Park, Worlds of Wonder to name a few have been realized with the

support of TFCI. Prime hospitality properties such as Taj Exotica in Goa and CHG Marari Beach in Kerala are excellent examples of efforts that have met with immense success with the support of TFCI.

What sets TFCI apart is the brilliant and highly experienced and professional/independent team of board members. The leadership team led by Mr. Anirban Chakraborty (MD&CEO) has the required industry knowledge ensuring viable tourism projects are flawlessly designed and structured to deliver value to all stakeholders. A key benefit of partnering with TFCI is that it recognizes and duly recognizes the unique financing requirements of this industry, including extended development times, seasonal cash flows, etc., structuring each transaction appropriately for the infinite scope of Indian tourism that TFCI finds itself in today in an exciting place.

It is also seeking further post-Covid-19 diversification to expand its offerings in other related sectors, namely healthcare, education, logistics, etc., without compromising its strength as a major lender to the tourism sector. The institution is now looking forward to moving beyond tourism finance and addressing TFCI 2.0: Diversifying for Growth.

At TFCI, Aatmanirbhar Bharat's mission is increasingly becoming the leading voice testifying to a passion for driving growth in the MSME segments and ensuring the backbone of the country's economy is well funded and provided with diligent guidance. In line with its limitless growth and ambitious expansion plans, TFCI will explore various financing options for the MSME sector including acquisition financing, structural financing and also fee-based revenue enhancing activities. The Company intends to increase its balance sheet size by aggressively pursuing opportunities that would allow it to leverage its capital (CAR of 39.87% as of March 31, 2021) and thereby improve its return on equity.

With three decades of industry leadership, robust growth and dedicated allied partners, TFCI pursues and continues to pursue its goal of making India the most popular and favorite destination for tourists around the world. On the assets side, it has a portfolio of long-standing relationships that greatly appreciate the union and support TFCI has shown during this pandemic.

As India and the world recover from the recent crisis, TFCI remains a major pillar of strength for the countries tourism segment as it recovers from its COVID aftermath. With a solid foundation, TFCI has an abiding vision to actively support and vigorously support future ventures in India's hospitality and related sectors. It continues

to create a legacy of outstanding projects that have transformed Indian tourism while being synonymous with expansion, diversification and modernisation.

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