



## TEMPLE ECONOMICS

The big event in Ayodhya in January 2024 has hogged media limelight and we don't wish to wade into the political debate around the same. The economic impact from the same is significant even though it could be just one of the several epochal changes that India is witnessing. Here is why the Ayodhya event throws up possibilities in travel & tourism, infrastructure development, growth in the hinterlands of India and can have far-reaching consequences.

It is a well-understood fact that Hinduism derives a lot of strength from several texts including two Epics – the Ramayana and the Mahabharata. In many ways, the civilisational history of India is intertwined with these. With many stories around these epics and other texts, the Indian culture and Hinduism have developed together. It is also a fact that this culture has led to the birth of a few other major religious faiths including Buddhism and Sikhism. Interestingly, the Indo-Gangetic plains where the epics are supposed to have been staged has many places which can identify with episodes in the epics. If you look at the Middle East and Europe, many places (e.g. Jerusalem) derive their importance from the roots they have in religion and culture. Somewhere, the recorded history blends into the myths around these places as the same is relatively more recent. In India, the settings for the early stages of the Indian civilizational history pre-date the recorded history in a written form. The intergenerational transfer of what the epics and scriptures signified was transmitted in India through an oral tradition and recorded in text at a later date. All the same, they constitute a heritage that is huge in impact and content. In the western culture (and in the Orient), many religious centres are symbols of culture and not just faith as practiced by some. In India, we may be at an early stage of viewing varied aspects of our heritage as not just religious symbols but also as part of our cultural heritage. This opens up possibilities of many places in the Indian hinterlands emerging as centres of great interest. Given that the Indian civilizational history has myriad folklores set in various geographical settings, the possibilities are immense. We see all of this emerging as an important economic thematic.

### Impact – Tourism & Travel

This is an obvious impact. Let us look at some simple numbers.

Pilgrim Destination	Annual Visitors (mn)	Estimated Hotel Rooms
Mecca	14-16	300,000
Vatican, Rome	8-10	42,000
Cologne	6-10	35,000
Sensoji Temple, Tokyo	30-35	96,000
Sabarimala	7-10	1,000
Tirupati	35-40	10,000
Varanasi	60-65	12,000

Source: Media Articles, Spark Fund Research

Ayodhya has not even started to figure in the map and so is the case with many other centres.

Let us now look at the airport footfalls. We have a long way to go before we satisfy latent demand.

Airport Location	Footfalls (9M FY24, mn)
Varanasi	2.2
Prayagraj (Allahabad)	0.5
Lucknow	4.6
Bareilly	0.1
Kanpur	0.2
Gorakhpur	0.5
Madurai	1.0



Airport Location	Footfalls (9M FY24, mn)
Rajkot	0.7
Dehradun	1.2
Patna	2.6
Agra	0.1
Shirdi	0.5
Jamnagar (Dwarka)	0.1

Source: Ministry of Civil Aviation, Spark Fund Research

The airport in Rome attracts 44 mn visitors and that in Athens 28 mn. These comparisons are admittedly simplistic but gives an idea of the scale of the vast potential. It is clear that the scope for tourism infrastructure is immense and in the coming years, this will be felt. We may have just begun this journey.

### Impact – Connectivity Infrastructure

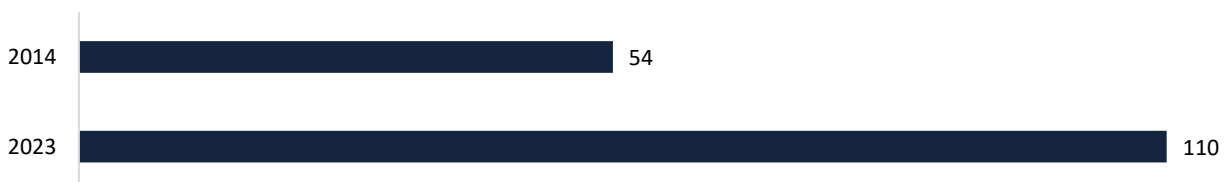
There are many cultural centres around which recorded history and stories around them merge into a continuum. These are places that have inadequate infrastructure and patchy physical connectivity. While faith cannot be viewed as a substitute for development based on education or industrialization, the same can and is likely to work as a catalyst and an accelerator. Physical infrastructure build-out is anyway required for any kind of development. As many such places seek connectivity with the mega-cities in the vicinity, there will be overall positive spin-offs.

Distance of big cities from Key Cultural Centres	Distance by Road (km)
Ayodhya to Delhi	670
Ayodhya to Lucknow	135
Varanasi to Lucknow	315
Varanasi to Patna	255
Mathura to Delhi	160
Dwarka to Ahmedabad	440
Rameswaram to Chennai	560

Source: Spark Fund Research

The list can expand, and the possibilities will open up as we move on.

### Airports (outside top 20 cities)



Source: Ministry of Civil Aviation, Spark Fund Research

A solid foundation has been laid over the last decade and to be sure, we are likely to witness a lot of action.



### Impact – Qualitative

While the interest in many of these cultural centres will also be global, the main impact will be on domestic travel. The last Kumbh Mela attracted 220 mn visitors to UP, a predominant majority of them from within India. People bring ideas and eventually interests in other areas such as setting up factories (light manufacturing to begin with), IT development centres and other services. When IT emerged as a key economic driver for metro cities after Y2K, it was estimated that each IT services job would create 4-5 more jobs in various other areas such as catering, retail etc. Going forward, if several cultural centres in India attract interests and investments, the same will drive economic activity across the hinterlands surrounding them. The nature of employment generation will also be likely in sync with the available skill sets and hence the impact in a basic sense could be really transformational.

It is useful to look at Angkor Wat in Cambodia as a case in point. This is listed as the largest Hindu temple in the world. It no longer functions as a temple in a religious sense. While it is no doubt an impressive structure, a series of temples exist in the area and many of them are in ruins. Angkor Wat attracts 2.6 mn visitors in a year. The Cambodian economy is US\$31 bn and the population is 16.9 mn. Tourism accounted for around 21% of the economy in 2019. UP alone has about 13x the number of people but the spending on tourism is nowhere commensurate. It is easy to conclude that in the land of Hinduism, not even the surface has been scratched as far as the potential goes.

### Importance of Ayodhya

In politics and in socio-political terms, the impact will be debated and dissected in times to come. In economic terms, there is only upside from this development. It has been a fact that some of the key centres of culture and learning that form our heritage derive their origins from 1000 AD and way before that (examples – Nalanda, Takshashila, Bodh Gaya, Varanasi, Mathura, Pataliputra (Patna), Tanjore, Rameswaram, Dwarka – the list can be really long and this is only a sample). They are in places which have seen relatively lesser economic development. India will stand to benefit if the magnets of economic development widen out from the top 10 cities. It will have a significant bearing on real estate costs, labour costs and migration in the longer run.

It will be hyperbole to characterise Ayodhya as a turning point in development of backward areas. However, it will add another dimension to the saga of economic development opening up to the large masses – encompassing a new sense of cultural nationalism. The changes that this bring about in connectivity, physical infrastructure, services and maybe even manufacturing will be worth watching. Finally, broadening out of the growth drivers away from the big cities, even to a limited degree, can only be seen as a positive development for India. India's development path may not witness the kind of urbanization as it happened for other countries including China. Development of the next 50 city centres beyond the top 10 may be a larger theme to look out for. Ayodhya may have well emerged as a key milestone in this journey.

Warm regards,

**P Krishnan (CIO) and Team Spark Fund**

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