A REVIEW OF THE INDIAN TOURISM INDUSTRY

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Abstract

Tourism refers to travelling outside one’s usual environment for recreational, leisure or business purposes. It is vital for any country as it generates employment, helps the country earn large foreign exchange, contributes to GDP among others. This study is a review of the Indian tourism industry. For the purpose of this research, survey was conducted from 182 respondents to understand the growth of tourism in India, type of tourism products promoted, the benefits of tourism, problems that hampers the tourism sector and measures undertaken to promote tourism in India. Findings indicate that leisure tourism is the most popular product of tourism. Additionally, most tourists undertake recreational activities, use local transportation services and eat at local restaurants while on a tour. Further, safety, connectivity of destination and cleanliness emerge as important factors that impact their experience; however, the respondents are not satisfied with these factors thus indicating areas of improvement. The government and the private sector have undertaken a number of initiatives such as M Visa, 100% FDI etc. for the growth of this sector.

Keywords: Tourism, Employment, GDP, Tourism Products

I. INTRODUCTION

India is a diverse country and is known in the world for its beaches of Goa, hill stations like Mussoorie and Nanital, the Himalayan Mountains, historical monuments like the Taj Mahal, national parks like the Corbett National Park and Ranthanbore National Park among other attractions. Hence, it doesn’t come as a surprise that tourism has emerged as a very important service sector in India and attracts people from around the world. Additionally, tourism products have evolved and various forms of tourism products are now promoted in India – Adventure tourism, Medial tourism, Eco-tourism and Leisure tourism to name a few. Growth of tourism benefits India in a number of ways such as contributing to the foreign exchange earnings, provided employment to the locals, cultural exchange, development of infrastructure etc. However, if growth in tourism is unplanned or not managed properly; it can also lead to a number of issues such as pollution, non-availability of adequate public utility, inadequate transportation facilities among others. Hence, it is necessary to develop a conducive environment that can help boost the tourism sector such that it reaches its potential without negatively impacting the host country.

The aim of this paper is to understand the tourism sector in India along with the benefits and the problems faced in this sector. The paper also studies the measures undertaken by the
Government to provide the necessary boost the sector.

Tourism: Meaning

Tourism refers to travelling to a place outside one’s usual environment and the person undertaking the tourism activity is called a tourist. (Resolutions of International conference of Travel and Tourism, 1991)

Additionally, tourism activities can be classified as: Domestic tourism (travelling within the country), Inbound tourism (non-resident visitor’s inbound travel to the country) and Outbound tourism (resident visitor travelling outside the country). (International Recommendations for Tourism Statistics 2008)

Players in the Tourism and Hospitality Sector

The players in this sector are divided in the following categories:

- Accommodation and Catering (hotels, motels, guest houses, resorts etc.)
- Transport (car rentals, airlines, cruise services, railways)
- Attractions (theme parks, natural attractions, monuments, events)
- Travel Agents (businesses that make travel and accommodation arrangements for tourists and sell products such as insurance, car hire and currency exchange)
- Tour Operators (offer customised tours, travel, accommodation and sightseeing).

Literature Review

Tourism plays a vital role for any country as it generates employment, helps in poverty alleviation and improving the economy of the nation. (Madhusmita Mishra and Prabina Kumar Padha, 2010)

Bijender K Punia (1994) in his research suggested that tourism development in any area depends on the availability of tourist resources; availability of facilities and services; elements like climate, seasonality; accessibility and attitude of host population among others. Additionally, Konstantinus Andriotis (2000) highlighted that for the growth of the tourism destination there should be adequate infrastructure, natural beauty, climate, culture and history of the destination.

Additionally, Manisha D Thaker (2004) in her research paper highlighted that the main issues in tourism development are infrastructure, insufficient transport facilities, accommodation, recreation activities, training, and marketing among others.

In order to overcome the problems resulting from unplanned tourism activities, effective tourism strategies and policies need to be formulated and implemented. (Konstantinus Andriotis, 2000). Additionally, private and public partnership is necessary for tourism development. (Bijender K Punia, 1994)

Research Problem

The research problem at hand is to study the tourism industry in India.

Research Objectives

The objectives of this study are as follows:

1. To understand the size and the rate of growth of Tourism in India.
2. To study the type of tourism products promoted in India.
3. To understand the benefits enjoyed by India on account of Tourism.
4. To highlight the problems that hampers the Tourism sector.
5. To understand the measures undertaken to promote Tourism in India.

Research Methodology

Data Collection: The source of data for this research has been both – Secondary Data as well as Primary Data. The secondary information for this study has been taken from data available on the internet, books, journal research papers and magazines. Additionally, quantitative research has
been conducted to collect primary data with the help of structured questionnaire.

Sample: Primary data was collected from a Sample Size of 182 respondents from various parts of India during the period of August 2017. Additionally, the Sampling Method used was Non Probability Sampling method as not all the elements from the population had an equal chance of being selected as the sample for the research. Under Non – Probability, Convenience Sampling Method was adopted as the respondents were selected as per the convenience of the researcher.

Data Collection Tool: Structured Questionnaires was used to collect the data from the respondents (Appendix 5). The questionnaires consisted mostly of closed-ended questions and while the questionnaire for customers were filled through Google Forms.

Statistical Tools: For the Descriptive Analysis, Measures of Central Tendency and Measures of Dispersion have been used; whereas for Inferential Analysis Z-Test has been run on the data collected through the primary research and derive conclusions from the same.

Size and Rate of Growth of Tourism in India

A snapshot of the growth of the tourism industry in India is as follows:

- Pre 1990: In the early 1980s, the Government announced the National Tourism Policy with the intention to formalize the tourism sector in India and provide an impetus for expansion of tourism in India. Additionally, a comprehensive plan was developed in 1988 to further promote tourism.

- 1990–2000: Tourism was recognized as an industry by various states in India. Also, the Governments emphasized on private-public partnership and introduced policies to boost the tourism sector.

- 2000 – 2005: In 2002, the Government announced a National Policy on Tourism, focusing on developing the necessary infrastructure. Also, growth of the online travel portals and low-cost carrier airlines gave a boost to domestic tourism.

- 2005 onwards: A number of marketing initiatives were introduced by the Government of India to attract tourists.

Source: IBEF

According to the World Tourism Organisation, 8.9 Million Foreign Tourists visited India and Foreign Exchange Earnings from tourism accounted for US$23.15 billion in 2016. Additionally, World Tourism Organization estimates Foreign Tourist Arrivals in India to reach 15.3 million by 2025.

Types of Tourism Products Promoted in India

India attracts tourists from all over the world by providing a diverse range of tourism product offerings. The most popular types of tourism products promoted by India are: (a) Adventure Tourism (trekking adventures, paragliding); (b) Wildlife Tourism (national parks and sanctuaries); (c) Spiritual Tourism (Vipassana, ISKON, Dharmashala); (d) Heritage Tourism (Taj Mahal, Delhi's Red Fort, Jaipur's JantarMantar); (e) Yoga Tourism; (f) Leisure Tourism (Goa, Andaman Islands); (g) Medical Tourism (heart surgeries, orthopaedic procedures, transplants); (h) Business Tourism; (i) Rural Tourism; (j) Pilgrimage Tourism (Vashnu Devi); (k) Eco Tourism and (l) Luxury Tourism. (Source: IBEF)

Benefits of Tourism in India

- Employment Opportunities: According to WTTC, tourism provides jobs to over 20 million people in India which includes jobs in hotels, transport, attractions, tour companies, restaurants and retail shops.
Foreign Exchange: Foreign Exchange Earnings from Tourism was US$23.15 billion in 2016, thus indicating that tourism sector is an important contributor of foreign exchange in India. (WTTC, IBEF, Make in India)

Contribution to GDP: India ranks 14th in the world in terms of its tourism sector's contribution to the GDP. Tourism offers direct and indirect aid to a nation's economy. Direct benefits include economic support for hotels, retail shops, transportation services, entertainment venues and attractions, while indirect benefits include government spending on infrastructure, plus the domestic spending of Indians employed in the tourism sector.

Infrastructure Development: Tourism also benefits the economy by improving the infrastructure. Tourism attracted capital investment of approximately INR 2,300 billion in 2016 which was further pumped into infrastructure development. (Travel & Tourism Economic Impact 2017 India. WTTC)

Conservation: Tourism induces the government to invest in conservation projects of national parks, promotes eco-tourism that refers to tourism based on the appreciation and preservation of natural environments which benefits the environment.

Social Benefit: Tourism also provides social benefits to the host country. In India, organizations such as Global Exchange (globalexchange.org/tours) and Mandore Guest House in India (mandore.com) run programs where visitors are given opportunities for volunteer work with the intention of bringing together varied cultures and socio-political backgrounds.

Problems Hampering the Tourism Sector

Due to shortage of suitable accommodation in hotels (in three star and five star segments), foreign tourists are often left dissatisfied, hence, neither returning in the future nor spreading a positive word of mouth about India as a tourist destination.

One area of issue that has emerged in the recent years is that India is witnessing more outbound tourism rather than domestic tourists. The main reason behind this is Indian tourists now are in a position to get cheaper return tickets to certain foreign destinations (Sri Lanka or Thailand) than to domestic destinations, thus motivating him/her to go abroad rather than travel in India.

Unplanned growth of tourist centres have resulted in more negative impact than positive and thus ultimately deprived the tourist of their original charm. For example, famous tourist destinations such as Shimla, Mussoorie, Darjeeling, etc. have seen such growing numbers of tourists in the recent years which has increased the requirement of water to that extent that has led to depletion the water sources. As a result even drinking water is not available to cater to the needs of the tourists.

Sometimes commercial or industrial construction around a tourist spot can tarnish the image of the tourist destination. For example, The TajMahal (Agra), the Meenakshi Temple (Madurai), the Lingaraja temple (Bhubaneshwar) and the Palace in Udaipur have lost much of their original beauty and charm due to such unplanned constructions around them.
Apart from these factors hampering the growth of tourism sector, there are other problems such as lack of proper, inadequate marketing, inability to capitalize on points of differentiation (such as national parks and sanctuaries, religious pilgrimage areas, Himalayan treks etc), lack of maintenance of historical monuments etc.

Findings from the Primary Research

The primary research was conducted with the help of a survey consisting of a Structured Questionnaire. The questionnaire was filled by 182 respondents through Google Forms from various parts of India during the period of August 2017.

Out of the 182 respondents, 98 respondents (54%) were Male, whereas 84 respondents (46%) were Female (Chart 1).

Additionally, out of all the respondents, 145 respondents (80%) were in the age group of 18 – 25, 28 respondents (15%) were in the age group of 26 – 35 and the remaining were above 36. (Chart 2). Majority of the respondents are taken below the age group of 35 as this section of the population has the purchasing power and will be undertaking tourism activities to a larger extent.

Also, Leisure travel emerged as the main purpose for travel in India with 172 respondents (95%) suggesting this same; followed by the motive to meet friends/family (130 respondents, 71%) and adventure (82 respondents, 45%) with a smaller proportion of respondents travel for the purpose of pilgrimage (53 respondents, 29%) and business (53 respondents, 29%) (Chart 3). Also, on running the Z Test at 5% Level of Significance, motive to travel for Leisure emerged significantly more important than the other purposes (Refer Appendix 1). Even though travel for the purpose of meeting friends/family follows leisure travel, it emerged significantly more important factor than the remaining when tested using Z Test at 5% level of significance (refer Appendix 2). Hence, India should be marketed as a Holiday/Leisure destination and Tourism products should be developed and promoted accordingly.
While on a trip, most of the respondents (151 respondents, 83%) happen to eat at local restaurants which is significantly higher than any other activities undertaken by tourists (Z Test at 5% level of significance) (Chart 5) (Refer Appendix 4). This provides an opportunity to the Hospitality sector to cater to the demands on the tourists. Boost in tourism has played a vital role for the growth of the hospitality sector that has been estimated to grow at CAGR of 14% (WTTC Economic Impact 2017). Further, while on trips tourists use local transportation services (122 respondents, 67%), undertake recreational activities (121 respondents, 67%), visit places of local culture (104 respondents, 57%) and visit historical monuments, museums, places of worship (101 respondents, 56%) (Chart 5).

Also, when asked the respondents the factors important while travelling to a destination, safety of destination (average rating of 4.57) emerged as the most important factor that the tourist considers while travelling to a new destination, followed by connectivity of the destination (average rating of 4.21) and level of cleanliness of the destination (average rating of 4.12) (Chart 6). However, when compared the importance of these factors with the level of satisfaction of tourists on these factors, there is a slight deviation between the two. Where the respondents rate the importance of safety a 4.57, their level of satisfaction with the same factor is 3.55 (Table 1). Similarly, tourists seem a little disappointed with the cleanliness of the tourist destination as they rate the satisfaction of this factor a 3.20 versus the importance at 4.12.
Measures Undertaken to Promote Tourism in India

The following initiatives have been taken in order to promote tourism in India:

From April 1992, Department of Tourism streamlined the rules regarding the grant of approval to travel agents, tour operators and tourist transport operators so that their services are standardized and are made broad-based, both for domestic and foreign tourists.

The Eight Five Year Plan also emphasized on tourism and the main thrust during that plan had been, (i) development of selected tourist areas, (ii) development of leisure tourism, trekking, winter sports, wildlife and beach tourism, (iii) exploring new source markets, (iv) restoration of national heritage projects, (v) working on national image building and marketing in key markets, (vi) providing inexpensive accommodation in different tourist centres, (vii) improving service efficiency in public sector corporations and (ix) streamlining of facilitation procedures of airports. In order to boost tourism in India, the Government has made innumerable promotional efforts. For instance in 2002, India’s Ministry of Tourism introduced the ‘Incredible India Campaign’. A national branding campaign was created to entice experiential and high-end visitors from abroad by showcasing India as an adventure, shopping, spa and luxury travel destination. Simultaneous to the international Incredible India Campaign, there was a need to overhaul the domestic opinion of visitors, hence the "Atithi Devo Bhava" (the guest is god) Campaign was launched which focussed on treating foreigners as our own guests.

The Indian Ministry of Tourism operates 14 overseas offices to conduct tourism promotion abroad. The ministry has introduced a cohesive marketing strategy that includes media advertising, road shows and fairs, and joint advertising with government-endorsed travel agents and tour operators.

The Central Department of Tourism is providing financial assistance in order to improve the tourism infrastructural facilities (yatriniwas, tourist lodges, wayside facilities, restaurants, cafeterias, tourist bungalows, etc). Additionally, financial assistance is also being provided for

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<tr>
<th>Factors</th>
<th>Level of Importance</th>
<th>Level of Satisfaction</th>
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<tr>
<td></td>
<td>Mean</td>
<td>Standard Deviation</td>
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<tr>
<td>Connectivity of the Destination</td>
<td>4.21</td>
<td>0.85</td>
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<td>Conditions of the Transportation Infrastructure (Railways, Aviation, Roads etc)</td>
<td>3.86</td>
<td>0.81</td>
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<td>Availability of Shops, ATMS and other amenities</td>
<td>3.73</td>
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<td>Availability of good quality Restaurants &amp; Hotels</td>
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<td>Maintenance of Monuments/ Tourist Attractions in the destination</td>
<td>3.69</td>
<td>1.12</td>
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<td>Role played by the service providers (Drivers, Porters, Reception staff, Guides etc)</td>
<td>3.76</td>
<td>0.95</td>
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<tr>
<td>Level of Cleanliness of the destination</td>
<td>4.12</td>
<td>0.84</td>
</tr>
<tr>
<td>Level of Safety of the Destination</td>
<td>4.57</td>
<td>0.66</td>
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Table 1
advantage sports activities, tourist transport, tented accommodation, etc.

Indian railways have also recognised its role in tourism development. With Rajdhani, Shatabdi, ‘Palace on Wheels’ (Rajasthan), ‘Orient Express’ (Gujarat), the Indian railways are moving in the right direction to support and boost tourism. Additionally, five more such luxury tourist trains with private sector participation connecting major tourist centres will soon be on the rails. Lane for about 100 hotels at various railway stations has been set apart to augment accommodation for travellers. Considering the recent development, it is hoped that India will get her due share of tourism and at the same time steps will be taken to preserve the physical and social environment of the country.

Marketing Strategies: Ministry of Tourism organized Incredible India Tourism Investors Summit in September 2016, with the purpose to bring together governments and investors, for funding investment projects in the country.

One Stop Solution: Players are trying to integrate all services on a single portal in order to ensure convenience for their customers. For example, makemytrip.com provides a comprehensive basket of offerings which includes travel, hotels, car booking, holiday packages within India or abroad, etc.

Multiple Channels: Players are opting for many channels to maximise sales and ensure convenience for their customers. For example, Thomas Cook and Kuoni India launched their online portals to compete with others. On the other hand, makemytrip.com is planning to go for the offline channel to complement its existing portal and has already launched mobile apps for maximising sales.

M Visa: Indian government has also released a fresh category of visa – the medical visa or M visa, to boost medical tourism in India. Indian medical tourism is expected to reach US$ 8 billion by 2020.

In January 2016, Federation of Indian Chambers of Commerce and Industry (FICCI) announced the launch of India Travel start-up Launchpad.

More than 50% of the Ministry of Tourism’s Plan budget is allocated for the development of destinations, circuits, mega projects as well as rural tourism infrastructure projects. The Budget has a provision of USD $108.67 million for developing of Swadesh Darshan (13 Theme based Tourist circuits) and USD $15.38 million for Pilgrimage Rejuvenation and Spirituality Augmentation Drive (PRASAD) for Beautification of Pilgrimage Centres. The budget provides for resources to start work on landscape restoration, signage and interpretation centres, parking, access for the differently-abled, visitors’ amenities, illumination and plans for benefiting communities around them at various heritage sites.

Incentives offered by state governments include subsidised land cost, relaxation in stamp duty, exemption on sale/lease of land, power tariff incentives, concessional rate of interest on loans, investment subsidies/tax incentives, backward areas subsidies and special incentive packages for mega projects. Incentives are provided for setting up projects in special areas – the North-East, Jammu & Kashmir, Himachal Pradesh and Uttarakhand.

Commencing from 27th November 2014 e-Tourist Visa facility has been made available for citizens of 150 countries arriving at 16 airports in India.

A 5-year tax holiday has been offered for 2, 3 and 4 star category hotels located around UNESCO World Heritage sites (except Delhi and Mumbai).
100% FDI is allowed under the automatic route in tourism and hospitality, subject to applicable regulations and laws. 100% FDI allowed in tourism construction projects, including the development of hotels, resorts and recreational facilities. Tourism and hospitality has a cumulative FDI inflow of US$ 12.7 billion in FY16 and FY17 which has provided the necessary push for tourism projects development.

The hospitality sector is showing greater commitment in India with a number of international hotel brands targeting India; for example, Carlson group is aiming to increase the number of its hotels in India to 170 by 2020. Hospitality majors are also entering into tie ups to penetrate deeper into the market, such as Taj and Shangri-La entered into a strategic alliance to improve their reach and market share by launching loyalty programme aimed at integrating rewarded customers of both hotels.

There is a renewed focus on skill development in the travel and tourism sector – 21 government-run hotel management and catering technology institutes and 10 food craft institutes have been established to impart specialised training in hoteliering and catering.

Source: IBEF, Make in India

II. CONCLUSIONS

Indian tourism plays a vital role in generating employment, earning foreign exchange and promoting economic and social development of the country. Leisure tourism has emerged as the main purpose for tourists to visit India and they travel is driven by the need to relax and take time off a busy schedule, hence, effort must be taken to develop suitable tourism products and promoted accordingly.

Additionally, most tourists are likely to undertake recreational activities, use local transportation services and eat at local restaurants while on a tour. Hence, it is necessary that various recreational activities are set up and maintained in order to engage the tourists and necessary infrastructure of roads and accommodation facilities are developed. Infrastructure plays a major role in the development of the Indian Tourism industry and essential steps need to be undertaken for the development in Infrastructure.

Additionally, safety, connectivity of destination and cleanliness emerge as important factors that impact their experience; however, the respondents are not satisfied with these factors thus indicating an area of improvement. Additionally, findings indicate that respondents are not very satisfied with the conditions of the transport infrastructure and the maintenance of the monuments/ tourist attractions. Hence, measures need to be undertaken to work on these areas in order to capitalize on India as a tourist destination.

Finally, with the government undertaking a number of initiatives such as M Visa, 100% FDI etc in order to boost the tourism sector in India, this sector is getting the needed support in order to grow in the near future.

Scope / Limitation of the Study

- The scope of the study is limited to India only.
- No other country is studied in this research.
- The primary research is limited to a sample size of 182 respondents. Hence, the findings may not be true representatives of the entire population.
- Additionally, the sample consists only of Indian tourists visiting places in India, it does not take the inputs of foreign tourists. It could happen that the opinion of Foreign Tourists may be different from the Indian tourists.
- The study was conducted in August 2017 and the findings of the study are true to the period of study.
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