



GROWTH AND GOVERNANCE IN INDIAN TOURISM SECTOR

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ABSTRACT: India has been a late starter in the field of tourism as the priorities of the Government in the initial periods of planning has been more for basic sectors like agriculture, rural development, transport, education etc. Tourism today is the most vibrant tertiary activity and a multi-billion industry in India. India is having vast tourism potential and variety of things to captivate both domestic and foreign tourists. Besides, having the vast tourism potential the Government of India failed to explore the tourism industry and shares 0.6 per cent of total tourist inflow at international level. Government of India had again formulated tourism policy (2002) with the idea that Tourism is both a threat and an engine of growth. Further, the Union Government had recently formulated the draft tourism policy (2015) with long term action plans. All these efforts on the part of government projects that, Union Government is putting all efforts to develop and promote tourism with a view to captivate the foreign tourists.

In view of the fierce competition in tourist generating markets from several countries, it becomes necessary for India to strengthen its promotional and marketing efforts continuously even to maintain its existing marketing share. Steps are, therefore, being taken to develop and implement strategic marketing programmes based on market segmentation analysis. Efforts are continuing to focus on cultural heritage as well as pilgrim tourism, extensive use of technology measures to improve tourist information, laying stress on NRI and ethnic segments, special campaigns promoting India in summer and monsoon months and promotion of yoga and ayurveda for mental, physical and spiritual health.

This research paper traces the progress made by India's tourism industry in the planning era, and the emerging issues (like alternative tourism) under globalization. It examines the growth drivers and trends of the country as well as the pitfalls in tourism planning in India. This study also makes some policy suggestions to address the constraints in promoting sustainable tourism in India

INTRODUCTION

Tourism is considered to be the world's largest industry as we are on the threshold of a new era, an era in which the growth of leisure travel around the world is expected to sell to dramatic proportions; increasing offence in many parts of the world is resulting. In reduced working hours, were leisure time and the economic resources necessary for discretionary travel?

India is one of the popular tourist destinations in Asia. India offers a wide array of places to see and things to do. The delighting backwaters, hill stations and landscapes make India a beautiful country. Historical monuments, forts, beaches, places of religious interests, hill resorts, etc. add to the grandeur of the country. They attract tourists from all over the world.

The potential impact of this dramatic tourism growth on our life is so staggering that it does not seen an exaggeration to describe the coming era as the "Tourism Revolution". It's a revolution which promises great benefits and great challenges; if we are able to meet the challenges, and deal with the problems, the potential benefits are almost unlimited.

The tourism industry can be mainly divided into following sectors transport, accommodation and catering; Leisure facilities and entertainment; and ravel organizers. Tourism industry as a major contributor in the economy cannot remain unchanged. In fact, structural changes have been taken place in Indian tourism industry in the post liberalization phase. In a bid to strengthen the economy, various sectors of the economy have been opened for FDI. In other words, since Indian economy has been opened, the numbers of business

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The Indian government's "Incredible India" tourism campaign and the information technology growth in India have been attracting millions of foreign tourists and business tourists to India. Medical tourism has also recently mushroomed in India. Tourism industry is a big foreign exchange earner in India, yet the industry still is hampered by Tourism development has always has been an integral part of the country's five-year plans.

OBJECTIVES OF THE STUDY

1. To study growth drivers and trends of Indian tourism
2. To study the potential of tourism industry in India in respect of inbound tourists.
3. The study would focus on what a foreign tourist demands and needs while visiting India vis-à-vis what he/she receives and expects.

INDIAN TOURISM INDUSTRY GROWTH

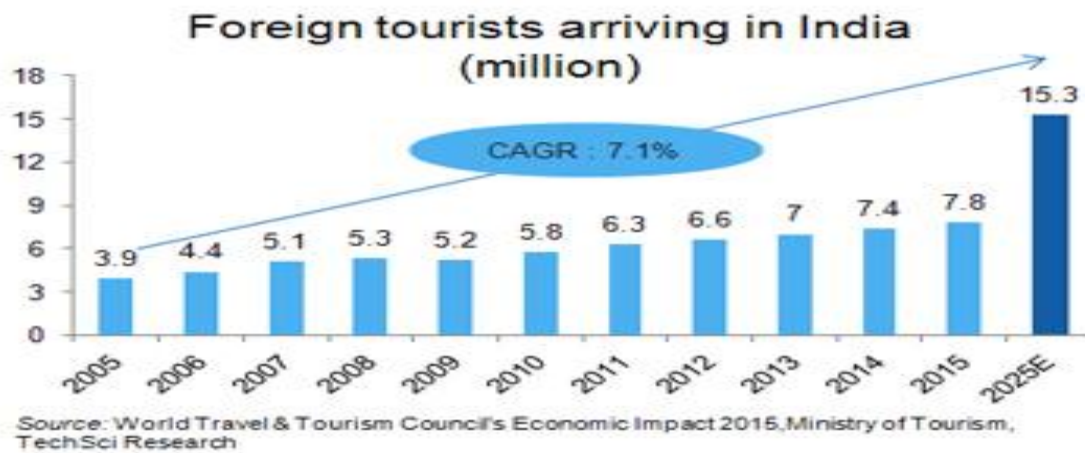
The Indian tourism industry has emerged as one of the key drivers of growth among the services sector in India. The third-largest sub-segment of the services sector comprising trade, repair services, hotels and restaurants contributed nearly US\$ 187.9 billion or 12.5 per cent to the Gross Domestic Product (GDP) in 2014-15, while growing the fastest at 11.7 per cent Compound Annual Growth Rate (CAGR) over the period 2011-12 to 2014-15. Tourism in India has significant potential considering the rich cultural and historical heritage, variety in ecology, terrains and places of natural beauty spread across the country. Tourism is also a potentially large employment generator besides being a significant source of foreign exchange for the country. The industry is expected to generate 13.45 million jobs! Across sub-segments such as Restaurants (10.49 million jobs), Hotels (2.3 million jobs) and Travel Agents/Tour Operators (0.66 million). The Ministry of Tourism plans to help the industry meet the increasing demand of skilled and trained manpower by providing hospitality education to students as well as certifying and upgrading skills of existing service providers.

MARKET SIZE

The number of Foreign Tourist Arrivals (FTAs) has grown steadily in the last three years reaching around 7.103 million during January–November 2015 (4.5 per cent growth). The number of FTAs in November 2015 was 815,000, registering an increase of 6.5 per cent over November 2014. Foreign Exchange Earnings (FEEs) from tourism during January–November 2015 were Rs 1,12,958 crore (US\$ 16.94 billion), registering a growth of 1 per cent over same period last year. The number of tourists arriving on e-Tourist Visa during the month of October 2015 reached a total of 56,477 registering a growth of 1987.9 per cent or ~21 times as compared to 2,705 tourists in October 2014

GROWTH OF TOURISM AND HOSPITALITY IN INDIA

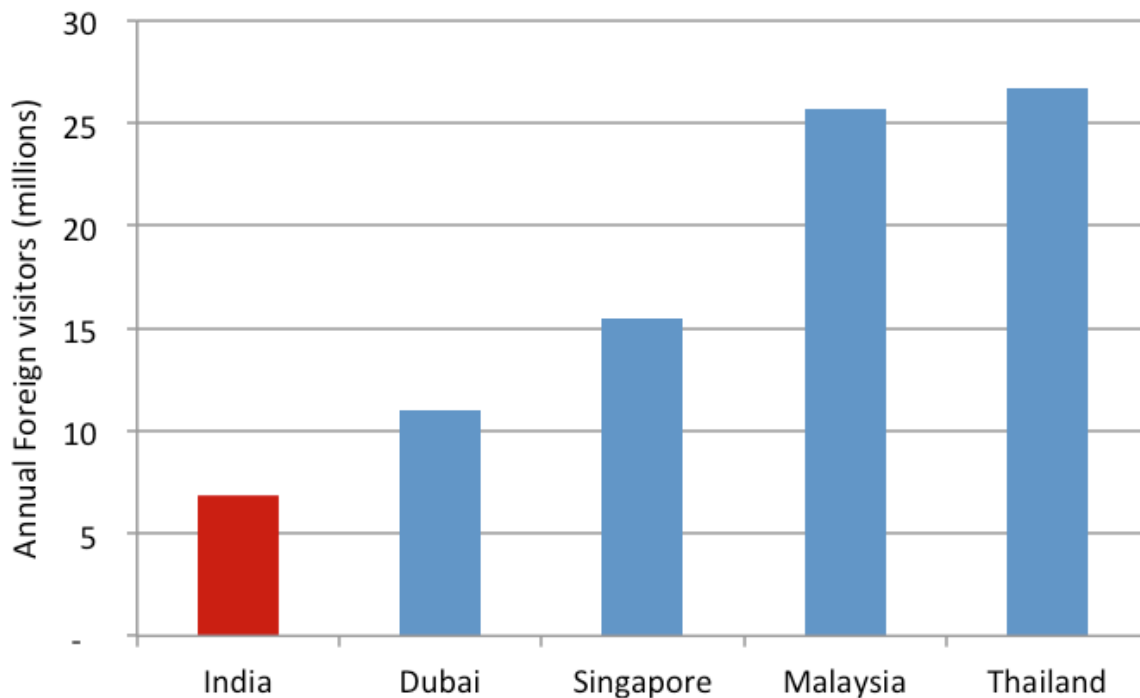
1. Tourism in India accounts for 6.8 per cent of the GDP and is the third largest foreign exchange earner for the country
2. The tourism and hospitality sector's direct contribution to GDP totaled US\$ 44.2 billion in 2015
3. Over 2006–15, direct contribution is expected to register a CAGR of 10.5 per cent
4. The direct contribution of travel and tourism to GDP is expected to grow 7.2 per cent per annum to US\$ 88.6 billion (2.5 per cent of GDP) by 2025



Maharashtra, Tamil Nadu, and Delhi are top destinations for foreign visitors. Based on the government’s statistics of foreign tourists for 2010, more than 55 percent of visitors went to medical centers in these three states alone. Quality hotels, added tourism opportunities, and high-quality hospital care are the biggest reasons for this trend.

Top 10 States	Foreign Visits (in lakh)	%
Maharastra	5.1	28.5
Tamil Nadu	2.8	15.7
Delhi	1.9	10.6
Uttar Pradesh	1.7	9.4
Rajasthan	1.3	7.2
West Begal	1.2	6.7
Kerala	0.7	3.7
Bihar	0.6	3.6
Himachal Pradesh	0.5	2.5
Goa	0.4	2.5
Total: Top 10 states	16.1	90.3
Others	1.7	9.7
Total	17.9	100.0

(Source, Jayaraman, 2015)



(Source: CAPA – Centre for Aviation, national tourism authorities)

GROWTH OF TOURISM IN INDIA – KEY DRIVERS & TRENDS

Healthy economic growth and rising income levels: Favourable growth in the Indian economy, rise in middle class population (National Council of Applied Economic Research (NCAER) Study: number of middle class households expected to increase from 44.5 million in 2014 to 113.8 million by 2025-2026) and increasing levels of disposable income with increased affinity for leisure travel are some of the driving forces.

1. Changing consumer lifestyles: With more than 65 per cent of the Indian population falling in the age group of 15-64 years, Indian travelers are more open to holidays and are keen to explore newer destinations.
2. Diverse product offerings: Diverse tourism offerings in India such as rural, medical, pilgrimage, adventure and various other forms are driving tourism growth.
3. Easy finance availability: Increased adoption of credit culture and availability of holidays on Equated Monthly Installments (EMI) is another growth driver.
4. Rich natural/cultural resources and geographical diversity: With 28 world heritage sites, 25 bio-geographic zones along with a 7000 km long coastline India abounds in natural resources and offers a rich cultural heritage through multiple religions, traditions, fairs and festivals.
5. Host nation for major international events: India is fast emerging as the preferred nation for hosting of major international events such as the Commonwealth Games held in 2010. Meetings, Incentives, Conventions and Exhibitions (MICE) tourism is on a rise on account of increased business travel in India

GOVERNMENT INITIATIVES

The Indian government has realised the country's potential in the tourism industry and has taken several steps to make India a global tourism hub. Some of the major initiatives taken by the Government of India to give a boost to the tourism and hospitality sector of India are as follows:

The Central Government has given its approval for signing of a Memorandum of Understanding (MoU) between India and Cambodia for cooperation in the field of tourism with a view to promote bilateral tourism

between the two countries. Ministry of Tourism has sanctioned Rs 844.96 crore (US\$ 142 million) to States and Union Territories for developing tourism destinations and circuits during FY 2014-15, which includes projects relating to Product/Infrastructure Development for Destinations and Circuits (PIDDC), Human Resource Development (HRD), Fairs and Festivals & Rural Tourism. The Heritage City Development and Augmentation Yojana (HRIDAY) action plans for eight missions cities including Varanasi, Mathura, Ajmer, Dwaraka, Badami, Vellankini, Warangal and Amaravati have been approved by HRIDAY National Empowered Committee for a total cost of Rs 431 crore (US\$ 64.7 million). Government of India plans to cover 150 countries under e-visa scheme by the end of the year besides opening an airport in the NCR region in order to ease the pressure on Delhi airport. Under 'Project Mausam' the Government of India has proposed to establish cross cultural linkages and to revive historic maritime cultural and economic ties with 39 Indian Ocean countries.

OBJECTIVES OF DRAFT TOURISM POLICY (2015)

1. Increase India's share in world tourist arrivals from the present 0.68% to 1% by 2020 and increase to 2% by 2025. Position Tourism as a priority on the National political and economic agenda.
2. Widen understanding of the benefits of the tourism sector within the wider governmental framework, especially with Government departments critical to Tourism success.
3. Evolve a framework for tourism development, which is Government-led, private sector driven and community welfare oriented.
4. Foster and develop a coordination mechanism between the Centre and the States / UTs and between various Ministries / Departments and create a framework for engaging with local bodies, to drive the National Tourism Agenda.
5. Focus on the benefits of tourism for local communities and the natural and cultural environments.
6. Directly address seasonality, creating year-round offerings for continuous tourism economy activity. Create a safe, secure, clean, hygienic and inviting environment for tourists.
7. Position India as a global brand and preferred tourism destination in overseas markets. Focus on domestic tourism as a major driver of tourism growth and promotion of the North East Region and the state of Jammu & Kashmir.

CONCLUSION

Dominant tourism-as-an-engine-of-growth position underlying the government policy (2002) has resulted in an inflation of the importance of international tourism and a gross overvaluation of its economic potential. Speaking of the contentions of the present tourism policy we suspect that the stress on the long haul high yielding variety of international tourism is somewhat misplaced. One can't change India for the sake of 'world class tourism development'. Rather, India will develop economically and along with this development, opportunities for various kinds of tourism will emerge. No doubt, in the near future, the greatest opportunities will arise in the domestic sector. From a research and policy perspective, the present roles of the Tourism Development Corporations in the states, identifying and developing new destinations, merits much greater attention.

RECOMMENDATIONS

The central government can play a critical enabling role in making it easier for tourists to visit India by supporting the development of competitive air connectivity and streamlined entry requirements. State governments also need to better understand the critical and integral role that aviation can play in achieving their tourism objectives. At present there is limited knowledge about the implications of issues such as bilateral negotiations, airport capacity and sales taxation on fuel on tourism flows. And the issue skills shortages must be addressed by encouraging the development of educational and training establishments that can enhance local employment prospects as well as the quality of service delivery.

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