

Tourism in India: Potentials, Challenges and Opportunities

Dr. T. Subash

Associate Professor,
P.G & Research Department of Commerce,
Government Arts College, Thiruvananthapuram
Kerala.

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ABSTRACT

The travel and tourism industry has emerged as one of the largest and fastest growing economic sectors globally. Its contribution to the global Gross Domestic Product and employment has increased significantly. The Indian tourism industry has emerged as one of the key drivers of growth among the services sector in India. Tourism in India is a sun rise industry, an employment generator, a significant source of foreign exchange for the country and an economic activity that helps local and host communities. Rising income levels and changing lifestyles, development of diverse tourism offerings and policy and regulatory support by the government are playing a pivotal role in shaping the travel and tourism sector in India. However, the sector is facing challenges such as lack of good quality tourism infrastructure, global concerns regarding health and safety of tourists, disparate passenger/road tax structures across various states and shortfall of adequately trained and skilled manpower. Concerted efforts by all stakeholders such as the central and state governments, private sector and the community at large are pertinent for sustainable development and maintenance of the travel and tourism sector in the country.

Key words: Infrastructure, inclusive growth, Skill development.

1. Introduction

The travel and tourism industry has emerged as one of the largest and fastest growing economic sectors globally. According to the UNWTO (2013), tourism's total contribution to worldwide GDP is estimated at 9 per cent. Tourism exports in 2012 amounted to USD 1.3 trillion accounting for 6 per cent of the world's exports. New tourist destinations, especially those in the emerging markets have started gaining prominence with traditional markets reaching maturity. Asia Pacific recorded the highest growth in the number of international tourist arrivals in 2012 at 7 per cent followed by Africa at 6 per cent. Increasingly, travel and tourism is

emerging as an important category of services exports worldwide.

2. Tourism Industry in India

The travel and tourism sector holds strategic importance in the Indian economy providing several socio economic benefits. Provision of employment, income and foreign exchange, development or expansion of other industries such as agriculture, construction, handicrafts etc. are some of the important economic benefits provided by the tourism sector. In addition, investments in infrastructural facilities such as transportation, accommodation and other tourism related services lead to an overall development of infrastructure in the

economy. According to the World Economic Forum's Travel and Tourism Competitiveness Report 2013, India ranks 11th in the Asia Pacific region and 65th globally out of 140 economies ranked on travel and tourism Competitiveness Index. India has been witnessing steady growth in its travel and tourism sector over the past few years. Total tourist visits have increased at a rate of 16.3 per cent per annum from 577 million tourists in 2008 to 1057 million tourists in 2012.

The travel and tourism sector directly contributed INR 1920 billion to India's GDP in 2012 reflecting a growth CAGR of 14 per cent since 2007. This is forecasted to grow at a CAGR of 12 per cent from the estimated INR

2222 billion in the year 2013 to INR 6818 billion by 2023. The travel and tourism sector supported 25 million jobs in 2012 directly related to the tourism sector. Constituting 4.9 per cent of the total employment in the country in 2012, this is expected to amount to 31 million jobs by 2023. Capital investment in the travel and tourism sector in 2012 was estimated at INR 1761.4 billion amounting to approximately 6.2 per cent of total investment in the Indian economy. It is expected to increase by 14.2 per cent in 2013, and witness further annual growth rate of 10.5 per cent by 2023 amounting to INR 5459 billion.

Foreign Tourist Arrivals and Foreign Exchange Earnings from Tourism

Year	FTA (in million)	AGR (%)	ITA (in million)		Rank of India		FEE from Tourism in India			
			World	Asia and the Pacific	World	Asia and the Pacific	In US Dollars		In Indian Rupees	
							Million	% Change	Crore	% Change
2001	2.54	(-) 4.2	683.4	114.5	51	12	3198	(-) 7.6	15083	(-) 3.5
2002	2.38	(-) 6.0	703.2	123.4	54	12	3103	(-) 3.0	15064	(-) 0.1
2003	2.73	14.3	691.0	111.9	51	11	4463	43.8	20729	37.6
2004	3.46	26.8	762.0	143.4	44	11	6170	38.2	27944	34.8
2005	3.92	13.3	803.4	154.6	43	11	7493	21.4	33123	18.5
2006	4.45	13.5	846.0	166.0	44	11	8634	15.2	39025	17.8
2007	5.08	14.3	894.0	182.0	41	11	10729	24.3	44360	13.7
2008	5.28	4.0	917.0	184.1	41	11	11832	10.3	51294	15.6
2009	5.17	(-) 2.2	883.0	181.1	41	11	11136	(-) 5.9	53700	4.7

Year	FTA (in million)	AGR (%)	ITA (in million)		Rank of India		FEE from Tourism in India			
			World	Asia and the Pacific	World	Asia and the Pacific	In US Dollars		In Indian Rupees	
							Million	% Change	Creore	% Change
2010	5.78	11.8	948.0	204.9	42	11	14193	27.5	64889	20.8
2011	6.31	9.2	995.0	218.5	38	9	16564	16.7	77591	19.6
2012	6.58	4.3	1035.0	233.5	41	11	17737	7.1	94487	21.8
2013	6.97	5.9	1087.0	249.8	42	11	18445	4.0	107671	14.0
2014	7.68	10.2	1135.0	263.4	41	12	20236	9.7	123320	14.5

3. Growth of Tourism in India – Key Drivers

The growth of the Indian travel and tourism industry is being impacted by several industry drivers.

3.1 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 31.4 million in 2010 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.

3.2 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.

3.3 Diverse product offerings

Diverse tourism offerings in India such as rural, medical, pilgrimage, adventure and various other forms are driving tourism growth.

3.4 Easy finance availability

Increased adoption of credit culture and availability of holidays on Equated Monthly Installments (EMI) is another growth driver.

3.5 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.

3.6 Government initiatives and policy support

Rise in FDI in the tourism sector (sector attracted second highest FDI in 2013 at USD 3.2 billion as on Feb 2013) is providing fillip

to its growth. Policy actions such as 100 per cent FDI, plans for extension of visa on arrival scheme to a larger number of countries and a five year tax holiday for 2, 3 and 4 star category hotels located around UNESCO World Heritage sites among others are expected to drive future growth.

3.7 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.

4. Key Issues in Tourism Sector in India

4.1 Training and Skill Development

Travel and tourism sector in India includes employees such as inbound tour operators, travel agents, tourist transport operators, adventure tour operators and domestic tour operators in the travel trade segment and those employed in hotels and restaurants in various functions of front office, F&B and housekeeping among others. While the tourism sector in India is targeted to grow at an annual rate of 12 per cent during 2011-2016, adequate training and skill development infrastructure and hence availability of trained manpower has not kept pace with growth. This has led to an existing as well as forecasted shortfall of trained manpower in various segments of tourism

sector in India. The hospitality sector alone witnessed a shortfall of 0.5 million employees during 2011-2012 which is expected to rise to 0.8 million by 2017 and 1.1 million by 2022 as per the target growth levels. There exists a forecasted requirement of around 2.8 million employees for restaurants, 4.1 million employees for hotels and 0.3 million employees for the travel trade segment by 2022 resulting in an incremental requirement of a total of 2.7 million employees for the tourism sector as compared to 2012 employment figures. An assessment of the training infrastructure estimates a total of 337 training institutes in the Hospitality sector and 101 travel and tour institutes offering courses related to ticketing and tourism as in March 2010 which appears to be significantly low.

As per a study by the Ministry of Tourism, only 50 per cent of the employees in the key functional domains of hotels are fully trained with this statistics reducing to 35 per cent for restaurants and other eating outlets. This necessitates the immediate need for formal training especially for the hospitality sector employees. In addition, proper selection of hotel management students, increased focus on grooming and communication skills, on the job training, courses in foreign languages and standardization and monitoring of curricula in private institutions may be required.

4.2 Safety and Security of Tourists

Safety and security of tourists is of paramount importance in any country as it majorly impacts the inflow of foreign tourists in the country. Domestic tourist movements are impacted in states and tourist locations where tourists consider a threat to their safety and security. It holds special significance for India which has been ranked at a low level of 74 amongst 140 global economies on safety and security parameters as per the World Economic Forum's Travel and Tourism Competitiveness Report 2013. Government has made concerted efforts towards increasing the safety and security of tourists in India. One of the main efforts in this direction includes setting up of a special tourist police. Following Kochi in Kerala where the first tourist police station in the country was set up in 2010, several other states such as Andhra Pradesh, Delhi, Goa, Himachal Pradesh, Jammu and Kashmir, Karnataka, Kerala, Maharashtra, Madhya Pradesh, Odisha, Punjab, Rajasthan, and Uttar Pradesh have deployed Tourist Police in one form or the other. The indicative tasks of the tourist police include ensuring safety and security of tourists by providing them information on safe lodging and transportation, effective and fast handling of enquiries and complaints, regular surveillance and immediate action in case of any identified misconduct.

The Tourism Ministry is also making efforts towards sensitizing various

stakeholders through electronic and print campaigns for ensuring the safety and security of tourists. Provision of funds under the Central Financial Assistance to states of Rajasthan, Uttar Pradesh and Andhra Pradesh for setting up of Tourist Facilitation and Security Organization on a pilot basis and issuance of guidelines for adoption of code of conduct for safe and honorable tourism issued to hotels, guides, tour operators and other professionals and institutions are other important steps. With rise in number of women travelers both in terms of domestic as well as foreign tourists, ensuring their safety has emerged as a major concern.

The Ministry of Tourism has launched a sensitization campaign, 'I respect women', with an aim to raise awareness about the need for sensitive behavior towards women and to provide greater security. Guidelines issued at the 2012 APEC Tourism Ministerial Meeting towards ensuring tourist safety may also be implemented:

- (i) Encouragement of risk assessment and management by the private sector before commencement of travel.
- (ii) National tourist administrations of APEC economies to compile and exchange best practices of establishing appropriate regulations.
- (iii) Maintain a transparent and balanced mechanism for generating travel advisories.
- (iv) Develop online travel registration tools for collecting data on outbound tourists.

- (v) Put in place administrative arrangements to get quick access to tourists' data without compromising the data privacy for identifying tourists in times of emergency.
- (vi) Regulation and monitoring of various service providers in tourism value chain to ensure compliance and safety. While steps have already been initiated in this direction, there is a need for ensuring effective implementation of the policies and actions drafted to ensuring safety and security of tourists.

4.3 Healthcare for Tourists

There is a significant need for improvement in ensuring sound health of tourists in India especially considering the low rank of 109 for India in terms of health and hygiene standards as compared for 140 world economies. Indicative parameters reveal dismal results. Physician density at 0.7 per 1000 population and 9 hospital beds for every 10,000 people in India are extremely low for a country that considers tourism as a sector of high importance for the economy. Only 34 per cent of the population in the country has access to improved sanitation services and 8 per cent of the population still does not have access to clean drinking water. Urban areas in India have excellent or good medical facilities such as long distance road ambulance, air ambulance, state of the art hospitals meeting international standards, pharmacies etc. However, rural areas in India

are devoid of such facilities which may hamper the growth of rural tourism in India. There is also a wide state wise disparity in terms of medical infrastructure availability. Several issues surround tourist destinations in the country. Lack of clean drinking water kiosks, lack of clean toilet facilities, lack of first aid and medical facilities in immediate vicinity especially in hilly and remote areas and lack of good quality transportation ambulances to medical centres in case of emergency are some of the major concern areas.

The Ministry of Tourism has taken steps for improving sanitation facilities by asking the tourism departments of all states and union territories to establish adequate wayside amenities. Helicopter services have been proposed for emergency medical situations. Steps are also being taken to provide good quality medical facilities at tourist destinations. However, an overall development of medical infrastructure in the country is required for provision of a safe and healthy experience to tourists visiting India. The Central Government has given priority to healthcare and is making significant investments to improve the infrastructure and delivery mechanism jointly with the state governments through National Rural Health Mission. It has decided to increase healthcare expenditure to 2.5 per cent of GDP by the end of the 12th Five Year Plan by 2017. In addition, several precautionary measures

may be taken in order to avoid instances of tourist illness in the country by:

- (i) Providing information on important vaccinations.
- (ii) Increasing awareness on importance of consuming food and water from organized vendors with clean and hygienic premises.
- (iii) Timely and transparent communication of travel advisories in situations of disease outbreaks.
- (iv) Careful screening of tourists at airports for any kind of existing disease/infection

4.4 Infrastructure

As per the World Economic Forum's Travel and Tourism Competitiveness Report 2013 for 140 world economies, India's air transport infrastructure, ground transport infrastructure and tourism infrastructure have been ranked 39, 42 and 95 respectively indicating considerable scope for improvement. Other infrastructure requirements such as availability of good quality and reasonably priced hotel rooms, parking spaces, tourist cars etc. are also a cause of concern. Some of these have been discussed below.

4.4.1 Air Transport Infrastructure

While the overall airport infrastructure in India is ranked well, quality of infrastructure, airport density per million population and number of departures along with rising airfares are a cause of concern.

State wise comparison reflects wide disparity with Maharashtra and Delhi leading at more than 0.25 million aircraft movements in 2010 as compared to Punjab, Manipur and Jharkhand with less than 0.01 million aircraft movements.

4.4.2 Road Transport Infrastructure

While India is ranked high (30) in terms of road density per million populations, quality of roads is unsatisfactory especially in rural areas. In addition there is a lack of feeder stations even on proper roads with not enough stops for pick up. The national and state highways account for 2 per cent and 4 per cent respectively of the total roads in India. Hence, just 6 per cent of the overall roads in India accounting for 80 per cent of the total traffic signify the need for improvement in the national road and highway network. Lack of parking facilities, police stations and tourist information centres in vicinity of tourist destinations is another cause of concern. Lack of public amenities such as clean toilets and clean drinking water kiosks poses health concerns for tourists. Lack of proper road signage (visibility, language etc.) causes trouble in identifying locations especially to the tourists travelling by road.

4.4.3 Rail Transport Infrastructure

India enjoys good quality rail infrastructure, however there is scope for state wise improvement. While Northern states such as Delhi and Punjab enjoy railway route length of 12.3 km and 4.2 km per 100

sq km of area, states in eastern part of India have negligible railway route lengths. In addition there exists a significant demand supply gap for railway tickets on major routes Hotel room availability: India ranks very low in terms of number of branded hotel rooms per 100 populations (rank 136). With just a little more than 68,800 branded rooms for the country India has only two branded rooms per 100 sq km area which is concentrated in top cities and urban areas. In addition there is a lack of budget hotels offering good quality services at reasonable prices Government recognizes the need for upgradation of tourism infrastructure in India and has proposed an outlay of INR 152.2 billion for the tourism sector under the 12th five year plan. This includes creation of basic infrastructure such as improving road connectivity and wayside amenities, development of helipads, heliports and air strips, upgradation of passenger terminals and creation of tourist infrastructure in collaboration with the private sector. Efficient implementation of such plans is pertinent for achieving an overall infrastructural development in the country

5. Suggestions for Boosting Tourism Sector in India

5.1 Projection of India's Image as a Safe and Secure Tourist Destination

Tourist Police Task Force has been established by various State Governments for ensuring safety and security for tourists.

Special sensitization campaigns may be implemented for women tourists and to publicise these campaigns on global platforms. Health concerns for tourists visiting India also needs to be mitigated.

5.2 Attract Private Investment

Private sector players may be encouraged to participate in development of tourism infrastructure by provision of fiscal as well as non fiscal incentives. PPP projects and formation of Special Purpose Vehicles for mega tourism projects may be required.

5.3 Infrastructural Development

Investments in tourism infrastructure may include development of both tourism as well as civic infrastructure. This may also involve provision of way side amenities, tourist information bureaus and websites for providing requisite tourist information. Efforts towards enhancement of overall transport infrastructure in the form of good quality roads, rail network, airports, helipads, availability of tourist vehicles etc. may also be strengthened in order to improve the overall infrastructure.

5.4 Development of Tourism Destinations

An extensive market research and evaluation exercise may be undertaken in order to identify desired tourist destination attributes and major markets and segments. Identified tourist destinations may then be developed through flagship projects involving state governments and private sector players.

These may be developed either as 'products' such as religious, wellness, adventure, nature, rural or agriculture tourisms or as 'experiences' such as the Rama trail planned in Gujarat or the Spice Route Tourism planned in Kerala.

5.5 Development of Tourist Circuits across States

Key tourism circuits across the country may be identified basis discussions with key stakeholders such as state governments, local travel trade partners etc. Key attributes, tourism potential, current and future connectivity and synergy within destinations may be studied.

5.6 Seamless Travel within Circuits

Steps may be taken in order to enhance travel experience for visitors across states. Payment of road tax, toll etc. while entering each state may be replaced by an integrated taxation regime. This may further be augmented by development of an integrated public transport system at a national level on lines of the Eurail network in Europe.

5.7 Joint Marketing Programs

With tourist circuits spanning across various states, collaborative marketing efforts may be required for promotion of the same:

- (i) Focused branding and promotional campaigns may be designed
- (ii) Marketing material like brochures, print creative, audio video presentations, short films, radio jingles,

creation of web-sites, online creatives, advertisements over media channels like print, radio or internet etc. may be utilized.

- (iii) Involvement of local travel trade partners may be encouraged. Trips to involved destinations, informative sessions, financial support and incentives may be provided
- (iv) Direct and intensive reach marketing programs may be executed through social networking sites such as twitter, facebook etc. in order to reach out to the young tech savvy global population
- (v) Focused websites, exhaustive in content, user friendly and attractive in visual appeal may be developed in multiple languages of target countries
- (vi) Participation in international events may be increased and a greater number of domestic tourism events and road shows may be organized in order to offset seasonality of tourist inflow. Events may be based on innovative themes of music, dance, sports, food, fruits, handicrafts, Indian culture and traditions, Indian villages, festivals etc.
- (vii) Customized tour packages may be developed keeping in mind the profile of visitors, budget and travel requirements. Comparative pricing of tourism products may also need to be considered after analysis of other tourism packages and products available.

5.8 Differentiated Tourism Offerings for Repeat Travelers

Customized packages with different tourism products and discounts may be provided to repeat travelers in order to provide a different and enriching experience on each visit.

5.9 Partnership Oriented Marketing

Travel trade partnerships may be extended beyond tour operators, guides etc. to partners from other industries such as international hotel chains, airlines or credit card companies.

5.10 Human Resource Development

Provision of additional training institutes, enhancing capacity of existing ones along with introduction of short term courses providing specific skills directed at hospitality and travel trade sector employees may be required for catering to the increased manpower and skill requirements. Development of basic skill sets for casual workers especially those in the travel trade segment are required. Rural youth may be provided vocational training through special institutes to provide them employment opportunities.

5.11 Inclusive Growth

There is a need to spread education and awareness on the importance of tourism sector and increase stakeholder participation involving the government, private sector and the community at large. Marketing campaigns like 'Atithidevo Bhava' may be implemented

at regular intervals. Tourism awareness programs and workshops may be organized to enhance sensitization towards tourists and tourism destinations and for sustainable development and maintenance of tourism sites in the country.

6. Conclusion

The travel and tourism industry has emerged as one of the largest and fastest growing economic sectors globally. Its contribution to the global Gross Domestic Product and employment has increased significantly. The Indian tourism industry has emerged as one of the key drivers of growth among the services sector in India. Tourism in India is a sun rise industry, an employment generator, a significant source of foreign exchange for the country and an economic activity that helps local and host communities. India is a tourism product which is unparalleled in its beauty, uniqueness, rich culture and history has been aggressively pursuing the promotion of tourism both internationally as well as in the domestic market. With increasing tourist inflows over the past few years, it is a significant contributor to Indian economy as well. Rising income levels and changing lifestyles, development of diverse tourism offerings and policy and regulatory support by the government are playing a pivotal role in shaping the travel and tourism sector in India. However, the sector is facing challenges such as lack of good quality tourism

infrastructure, global concerns regarding health and safety of tourists, disparate passenger/road tax structures across various states and shortfall of adequately trained and skilled manpower. While several plans and programmes have already been devised for tackling these challenges, successful implementation would be critical to accelerate growth. Concerted efforts by all stakeholders such as the central and state governments, private sector and the community at large are pertinent for sustainable development and maintenance of the travel and tourism sector in the country.

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