

INDIA'S TOURISM INDUSTRY - PROGRESS AND EMERGING ISSUES

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Abstract :

Tourism today is the most vibrant tertiary activity and a multi-billion industry in India. Traditionally known largely for its historical and cultural dimensions, tourism today is highlighted for its immense business opportunities. With its lucrative linkages with transport, hotel industry etc., the potential and performance of India's tourism industry needs to be gauged in terms of its socio-economic magnitudes. This 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 problems and challenges of the country as well as the pitfalls in tourism planning in India. The paper also makes some policy suggestions to address the constraints in promoting sustainable tourism in India.

Introduction :

Tourism is not an activity for pastime and entertainment but is an enriching and energizing activity. Tourism is the right vehicle for a developing country like India which is on the path of modern economic growth through structural transformation of the economy. The value-added effect of tourism is increasing. Sustainable tourism has vast scope in India by convergence of landscapes with financescapes, technoscapes, and mediascapes. India's tourism industry has witnessed upsurge in recent years, paying rich dividends to both consumers and producers.

The role of Tourism is essential in the economic development of a country. Tourism is the second largest foreign exchange earner in India. The tourism industry employs a large number of people, both skilled and unskilled. Hotels, travel agencies, transport including airlines benefit a lot from this industry. Tourism promotes national integration It generates foreign exchange. It promotes cultural activities. Tourism also promotes the traditional handicrafts sector. The tourist gets an insight into the rich and diverse cultural heritage of India.

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. India is probably the only country that offers various categories of tourism. These include history tourism, adventure tourism, medical tourism, spiritual tourism, etc. India has a composite culture.

There is a harmonious blend of art, religion and philosophy. Religions like Christianity, Buddhism, Islam, Hinduism, Jainism, Sikhism and Zoroastrianism etc. has co-existed in India.

India has fascinated people from all over the world with her secularism and her culture. To promote international and domestic tourism in the country The Department of Tourism was formed. It provides infrastructure, information aimed at promotion of tourist sites in the world market, carries out publicity campaigns and formulates policies and programmes for the promotion of tourism in India. It has officers in India and abroad. The Indian Institute of Tourism and Travel Management, The National Council for Hotel management and Catering technology etc. provide professionally trained personnel to the industry.

The Tourism Advisory Board recommends measures for promotion of tourist traffic in India. It reviews the tourist trends and suggests appropriate measures. Some of the places, havel is and castles have been converted into heritage hotels. In these hotels, the tourists get the experience of the exotic lifestyle of the bygone era. The Indian Tourism Development Corporation (ITDC) organizes entertainment programmes like folk dances and songs and provides shopping facilities.

With the growth of urban professional middle class, the tourism in India is flourishing; many states

have taken necessary steps to promote tourism. Goa promotes water sports like sailing, scuba diving and rafting. Kashmir offers the pleasure of winter sports like skating and mountaineering. Kerala has introduced the concept of houseboats in its lagoons. Himachal Pradesh has developed winter sports in the state.

In India, the tourism and hospitality industries are witnessing a period of Exponential growth; the world's leading travel and tourism journal, "Conde Nast Traveller", ranked India as the numero uno travel destination in the world in 2007, as against fourth position in 2006. Tourism has now become a significant industry in India, contributing around 5.9 per cent of the Gross Domestic Product (GDP) and providing employment to about 41.8 million people. As per the World Travel & Tourism Council, the tourism industry in India is likely to generate US\$ 121.4 billion of economic activity by 2015 and Hospitality sector has the potential to earn US\$ 24 billion in foreign exchange by 2015.

Additionally, India is also likely to become a major hub for medical tourism, with revenues from the industry estimated to grow from US\$ 333 million in 2007 to US\$ 2.2 billion by 2012, says a study by the Confederation of Indian Industry (CII) and McKinsey.

Progress of Indian Tourism :

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. Initially allocations were meager: Rs.3.36 crore in the Second Plan, Rs.5 crore in the Third Plan & Rs.36 crore in the Fourth Plan. It was doubled in the Fifth Plan. The National Tourism Policy in 1982 gave a momentum to this sector. Expenditure rose from about Rs.187 crore in the Seventh Plan to Rs.595 crore in the Ninth Plan and further to Rs.2900 crore in the Tenth five-year Plan. The Tourism Development Corporation, Tourism Finance Corporation, Hotel Management and Catering Technology Institutes, Food Craft Institutes, Indian Institute Tourism and Travel Management, India Tourism Development Corporation, Indian Association of Tour Operators, Travel Agents Association of India and a large number of hotel management colleges, sports and adventure

clubs, beach resorts etc have also contributed to the growth and development of this industry. Emphasis laid on HRD is clear.

The first major effort to promote the industry was launched with the announcement of 1991 as the 'Visit India Year'. Enormous tourist resources were commercialized. The first ever Indian Tourism Day was celebrated on January 25, 1998. The year 1999 was celebrated as 'Explore India Millennium Year' with a host of shows, exhibitions etc. The next decade saw the restructuring of the schemes of Integrated Development of Tourist Circuits, and Product/Infrastructure Destination Development. Additional schemes/incentives were announced for service providers. Upgrading of beaches, airports, tax incentives were also introduced.

Besides creating an official website for the Tourism Ministry, now the calendar of events is planned. Even the new initiatives to encourage the NRIs and PIOs, through visit India programmes, Pravasi Bharatiya Divas celebration, Dual Citizenship to certain categories of diasporic Indians have given much fillip to tourism in India. Thanks also to the booming IT and outsourcing industry a growing number of business trips are made by foreigners to India, who will often add a weekend break or longer holiday to their trip. Foreign tourists, generally spend more in India than almost any other country worldwide. Tourist arrivals are projected to increase by over 22 per cent per year through till 2010, with a 33 per cent increase in foreign exchange earnings recorded in 2004. The Tourism Ministry has also played an important role in the development of the industry, initiating advertising campaigns such as the "Incredible India" campaign, which promoted India's culture and tourist attractions in a fresh and memorable way.

The tourism industry has helped growth in other sectors as diverse as horticulture, handicrafts, agriculture, construction and even poultry. India's governmental bodies have also made a significant impact in tourism by requiring that each and every state of India have a corporation to administer support issues related to tourism. The tourism industry of India is based on certain core nationalistic ideals and standards which are: Swaagat or welcome, Sahyog or cooperation, Soochanaa or information, Sanrachanaa or infrastructure, Suvidha or facilitation, Safaai or cleanliness and Surakshaa or security.

Commonwealth Games is the additional opportunity for the Travel Industry to gain some additional business, by offering special tour packages

to the tourists. As per the reports, it is estimated that more than 3.5 million tourists are going to reach India in 2010 to be a part of the eminent Commonwealth Games that are scheduled to be held in Delhi - the capital city of India.

It is the high time for the India's Tourism Industry, as the foreign tourists will be heavily dependent upon them for the flight bookings, hotel reservations, travel itineraries and visas.

The growth of India Tourism market is also equally beneficial for the several associated industries such as the aviation industry, medical tourism industry and hotel industry. However year 2008, sees a whopping rise in the arrival of eco tourists in the country. Recently a new concept 'Rural Tourism' has been launched by the government in India, which is equally doing very well.

It is believed that in the next few years India Tour Industry will gain new heights and the percentage of India's share in the global tourism will grow 1.5% by 2010. Industry is going to fetch maximum business from the Agra (Taj Mahal), Andhra Pradesh, Tamil Nadu, Kerala, Gujarat and Rajasthan, that are expected to receive maximum number of tourists.

Problems of Indian Tourism :

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 several problems like -

- ❖ Poor transportation
- ❖ Lack of basic hygienic amenities at halting points
- ❖ Non-standardization of rates and fares
- ❖ Lack of sound marketing and promotion strategies
- ❖ Poor maintenance of heritages
- ❖ Issues regarding security and harassment
- ❖ Lack of passionate and trained professionals
- ❖ Inadequate capacity
- ❖ Costly travel - soaring fuel surcharges, poor flight management etc
- ❖ Lack of supportive infrastructure - bad roads, improper health and hygiene, communication gaps, etc
- ❖ Gap between demand and supply of manpower
- ❖ Lapses in security and safety - incidents of tout and harassment of tourists in some places
- ❖ Uneven progress - slow growth of village tourism, lack of information about tourist profile

etc.

- ❖ Non Implementation of Legislative Law .
- ❖ Excessive formalities for an issue of special permit to view restricted areas sites.
- ❖ Untrained Guides.
- ❖ Tourism development projects are usually developed by Indian Government without any discussion with community leaders and they are dumped to follow the ineffective projects blindly.
- ❖ Poor Administration & management.
- ❖ Absence of alternate site nearby and fair and festival creates a bottleneck problem in crowd management. Like In Kumbh fair no effective remedies are applied by Indian Government to curtail overcrowd by creating other destinations in nearby localities.
- ❖ Involvement of too many agents and tourism operators also makes the cost of tourism package too high in India.
- ❖ Lack of entrepreneurship opportunities also restrict youth to follow a career in Tourism such as opening a hotel resort or retail outlet or handicraft business to serve Tourism Industry in India.
- ❖ Indian politicians are the hindrances in the development of tourism in India; their policies directly can influence the tourism

Tourism problems are more common in the rural interior of the country. These areas are rich in natural beauty, but they often lack basic infrastructure and accommodations for tourists. Often these regions are highly agrarian. The government is often unable to secure enough land for developing tourism infrastructure because it adversely affects local farmers. An instance of this phenomenon is Orissa.

It is very essential to promote Brand India as a tourist destination nationally as well as at the state level. However the tourism departments are always cash strapped, there is general apathy towards work along with aging manpower never works in favor of brand promotion. What we need today is dynamic manpower that is committed to take up tourism as a career and work up to really explore that Incredible India as well as make India a safe tourist destination.

New Issues and Challenges :

India represents one of the most potential tourism markets in the world. It has expanded rapidly over the past few years and underpinned by the government support, rising income level and various international sports events, the Indian tourism industry will continue to grow at the fastest pace in the coming years. However, the industry may have to cope up

with several challenges which will limit its growth. Post globalization and under GATS many changes and challenges are confronted by the tourism industry in India. A few are may be mentioned here:

1. Liberalization and Tourism : GATS came into existence as a result of the Uruguay Round of negotiations and entered into force on 1 January 1995, with the establishment of the WTO. India also signed all the WTO agreements under the single undertaking rule and GATS is a part of this whole package. More and more services like transport, banking and insurance, tourism etc became "tradable services". Under GATS, tourism and travel related services - hotels and restaurants (including catering), travel agencies and tour operators' services, tourist guide services etc are covered for open market access and liberal FDI. With this, tourism has become "consumption abroad" and travel of tourists, "movement of natural persons". The principle of "National Treatment" by GATS suggests that 'each member shall accord to services and service suppliers of any other member, in respect of all measures affecting the supply of services, treatment no less favorable than that it accords to its own like services and service supplies'. Without adequate domestic regulation and enforcement, the liberalization of education services could adversely impact on quality, standards, equity, and prices, and without up gradation of infrastructure and facilities of premier domestic institutions there could be loss of competitiveness for domestic providers and possible diversion of resources. Now the question is whether India is in a position to export-import labor, capital and technology to reap the advantages of enhanced market access an upgrade its tourism sector. Openness in sky and land - vigorous competition ahead, need for quality assurance - is India able to meet the challenges? This is the ground reality. How will India be able to handle the issue of "direct interaction with service providers"? How equipped is it to meet the high international standards in services? Shortage of skilled and trained manpower is another obstacle in benefiting from the opportunities thrown open by GATS to tourism.

2. Social and Political Concerns : Globalization has raised socio-cultural issues in tourism too. From going global we have arrived to the need for "thinking globally and acting locally". The nexus of globalism and tourism is so sensitive that it is a real challenge to development of environmentalism. Can hi-tech tourism go hand in hand with heritage tourism?

How balanced are virtual tourism and rural

tourism? How to make India a safe and healthy place to tour and travel? New parameters at the micro, macro and meso levels have to be identified for developing tourism keeping in view the incidents of communalism, deforestation, pollution etc.

Isn't it ironical that in this era of globalization - when we are using hi-tech to squeeze space and conquer time - that we have to pause and ponder over communal problems? In Kashmir sadly it looks like terrorism industry vs. tourism industry. Now it is seen in the southern states too. These are a few aspects of the new paradigm of "geo-politics of tourism" today. No doubt, technological improvements are likely to lead to increased destination alternatives to physical tourism (e.g. cyber tourism). Our tourism industry must prepare itself to meet these and other emerging challenges.

3. Infrastructural Bottlenecks : A sector that is expected to increase forex by rupees 5000-10000 crore by 2010, cannot go on and on with the mediocre infrastructural facilities. For example, the Indira Gandhi International Airport which today ranks amongst the worst in the world according to the WTCC Report needs to be converted into a modern state-of-the- art airport. Lack of integration between domestic and international tourism, lack of coordination between modes of transport and communication is eating up people's time and money, unproductively. Success of tourism depends to a large extent on better access to infrastructure, consumer-centric approach, terrorism, natural disasters, climate change, global warming.

4. Alternatives : A major breakthrough is taking place in international tourism. That is alternative tourism, a new option for India too. This includes health tourism, village tourism (in the vintage of global village!), sports and games tourism etc. Kerala has done innovative thinking in "monsoon tourism". This is really a rich and attractive avenue that not only helps in reducing seasonality of tourism but also ensure optimum use of tourist facilities and services.

Measures Taken by Indian Government :

These are some of the instructions given by the government to the tourists. It is mandatory to follow:

- 1). Acquirement of a Currency Declaration Form and filling up of the Disembarkation Card on your arrival in India. You also require making a verbal declaration of luggage you are traveling with.
- 2). Tourists with a visa permit for over 180 days have to obtain a Registration certificate and a Residential Permit. Submission of four recent passport size photographs is compulsory for

registration.

- 3). Submit the Certificate of registration while leaving the country.
- 4). While embarking on an India tour, obtain a yellow fever vaccination certificate. Also consult your doctor before visiting this country.
- 5). Carry attested copies of your visa, passport, and other important travel documents.
- 6). Avoid purchasing any travel ticket from strangers. Go for travel agents for arrangement for transport tickets.
- 7). Credit cards, foreign currency or traveler's cheque are accepted from foreign nationals although Indian currency is needed to give proof of having legal foreign exchange.
- 8). Accommodate at any of the several top hotel groups operated chain hotels in various cities of the country. You can also go for budget hotels or guesthouses.
- 9). Foreign nationals are allowed to ask for the arrangement of language interpreters.
- 10). Carry packaged mineral water on your tour to India.
- 11). First time visitors should avoid spicy food.
- 12). Traveling to regions like Sikkim and Nagaland will require special tour permits from authorized tourist offices.

With a view to stimulating domestic and international investments in this sector, the government has implemented the following initiatives:

- ❖ 100% FDI under the automatic route is now permitted in all construction development projects including construction of hotels and resorts, recreational facilities and city and regional level infrastructure.
- ❖ 100% FDI is now permitted in all airport development projects subject to the condition that FDI for up gradation of existing airports requires FIPB approval beyond 74%.
- ❖ A five year tax holiday has been extended to Companies that set up hotels, resorts and convention centers at specified destinations, subject to compliance with the prescribed conditions.
- ❖ Plans for substantial up gradation of 28 regional airports in smaller towns and the privatization and expansion of Delhi and Mumbai airports.

The aforementioned initiatives have resulted in increasing FDI inflows being witnessed by this industry. For the period April 2000 to November 2007, a total of US\$ 636 million in foreign direct investments was channelized towards development of hotels and

tourism.

Future of India Tourism Industry

- ❖ India is expected to see an influx of 10 Million international tourists by 2010, up from just 5 Million in 2007.
- ❖ Indian outbound tourist departure is expected to reach 20.5 Million by 2015.
- ❖ In 2008, top four (4) states captures more than 75% of total market share of Indian domestic tourist visits.
- ❖ Domestic tourist visits is expected to increase with a CAGR of 12.29% for the period spanning 2008-2015.
- ❖ Indian tourism Foreign Exchange Earnings is expected to grow with a CAGR of 7.9% for the period spanning 2010-2015.
- ❖ In Indian union budget 2010 Indian government has given more than INR 1,000 Crore to Ministry of Tourism India
- ❖ In 2009 FDI investment in Indian hotel and tourism sector was more than US\$ 550 Million.
- ❖ The number of cruise tourist arrivals in India is expected to jump by 233.33% by 2010 from the number of cruise tourist arrivals in 2007.
- ❖ Number of Buddhist tourist arrivals in India has doubled in 2009 from 2008
- ❖ Budget for Incredible India campaign increased by INR 62.3 Crore for 2010-11 from previous year 2009-10.
- ❖ The number of medical tourist arrivals in India is expected to increase by a CAGR of 24.6% from 2009 to 2013.
- ❖ India has been promoting its healthcare tourism by providing the visitors with private healthcare facilities. India medical tourism market is expected to be more than US\$ 2 Billion by 2013.

Suggestions :

For everything we need a policy - a sound policy. Let me now put forward a few policy suggestions to develop sustainable tourism in India:

1. India should make the most of its topography, natural resources and labor to develop not only traditional products but also non traditional products of tourism.
2. Rural tourism should be a byproduct of Indian tourism. At the Same time eco-tourism for sustainable livelihoods must be encouraged.
3. Enhancing security, stepping up investment and boosting (world class) infrastructural activities should be on the top of the agenda. Service quality - in hotels, Airports, railway stations, etc - needs

to be upgraded.

4. Proper market segmentation should be done on the basis of criteria like demographic, socioeconomic and geographic variables. Yet a holistic approach should be the objective to project an Incredible and Inclusive India. Commercialization should not result in dehumanizing tourism.
5. Education, research and training are crucial cogs in the wheel of tourism. HRD should be given priority. Adequate importance should be given to inductive research on historical importance and contemporary relevance. Tour operators, guides must develop a good rapport with tourists. From touring to learn we should move to learning to tour.

Conclusion :

Tourism is today emerging as a leading sector in the world and is now considered by some as the number one industry. Demographic, socio-structural and socio-cultural developments have always led to changes in tourist demands, and service providers in tourism are faced with a substantial need to adjust. These constant challenges have expanded and intensified considerably in the first few years of the new millennium. War and tourism, extreme weather, the ongoing internationalization of tourism and the ageing of society (increasingly prominent in public awareness) have emphatically demonstrated the latent vulnerability of tourism as a boom industry. The survival of the tourism industry depends decisively on recognizing the relevant trends and allowing for them in good time. Development of tourism is a very complex process of interaction among many players, who have shared the responsibility concerning the environmental, social and economic sustainability of this lucrative sector. Consumer trends in tourism, which are gradually changing, require an appropriate response in terms of both policy formulation and investment and the survival of the tourism industry

depends decisively on recognizing the relevant trends and allowing for them in good time.

However the Indian tourism industry has been hit by pollution. The effluent emitted by the Mathura Refinery has led to the decolonization of the Taj Mahal in Agra. The condition of many of our monuments is deteriorating due to the negligence of the concerned authorities. On the other hand, beaches have become the dumping grounds of garbage and waste left by tourists.

This nuisance should be properly monitored. Kashmir is the paradise for domestic and international tourists. The terrorism in this valley not only affects the life of the common people but also the tourism, which is very important for the economy of the state. Necessary steps should be taken by the state government as well as central government to prevent this menace.

The tourist infrastructure in India should be strengthened. Government owned hotels should be properly managed. The Government should also take steps for the maintenance for the tourist destination. Steps should be taken to restore the ancient splendour of the monuments. Sincere efforts could help to further develop the Indian tourism industry.

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