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Volume: 4, Issue 3, 2017 (July-Sept)

INTERNATIONAL JOURNAL OF LAW, EDUCATION, SOCIAL AND SPORTS STUDIES (IJLESS)

<http://www.ijless.kypublications.com/>

ISSN:2455-0418 (Print), 2394-9724 (online)

2013©KY PUBLICATIONS, INDIA

www.kypublications.com

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Trend and Growth of Tourism Industry in India – A Research Perspective

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ABSTRACT

The Indian tourism and hospitality industry has emerged as one of the key drivers of growth among the services sector in India. The second largest sub segment of the service sector comprising trade, repair services, hotel and restaurants contributed nearly US\$ 295.7 billion or 19.2% to the Gross Domestic Product(GDP) in 2015-16, while growing at 8.9% year on year. In India, tourism has significant potential for development just because of its rich culture, historical places, heritage, places of natural beauty and religious places, wild life spread across the country. All types of people have job opportunities in tourism industry because tourism industry is very large in nature. Thus, it generates large employment and is also helpful to earn foreign exchange for the country. This paper is focusing on growth, challenges and opportunities of tourism industry in India. This research is based on secondary data, which is collected from ministry of tourism report, tourism statistic report, news, journals etc.

Keyword: Tourist income, foreign tourist arrivals, opportunities, challenges, economic growth.

INTRODUCTION

Tourism is the fastest growing industry of the service sector. Tourists spend their time and money, which generate income and employment which is helpful to develop our economy. That's why it is very important to the wellbeing of many countries. Before 1947, no one focused on this industry but at the beginning of this century, tourism was considered as an industry or business. Now government has taken essential or useful steps for promoting tourism because tourism is not only helpful in developing the economy other than it is helpful to create new habits, social development, technological progress and create bonding between one country to another country. India is rich in pilgrimage locations because there is the home of Buddha, Gandhi and the seat of the Dalai Lama. But with over 4,000 miles of coastline, a portion of the Himalayas and megalopolises like Bombay and Delhi, there are many other attractions to draw tourists. As a young country, having gained independence from Britain in 1947, India is in the midst of the process of honing, developing and expanding its tourism industry and messaging. Tourism is not only an economic activity of importance in as much as it earns a country, the foreign exchange and provides employment; it can also correct adverse trade balance and regional imbalances, as they are both labor- intensive and capital intensive activities. It is an important medium of social cultural development, capable of promoting lasting goodwill and friendship among the nations of the world. It also helps in the regional development of the country and acts as a means of social education and better understanding among people of different regions in the country. In the long run, the most important

contribution of tourism is in the area of developing understanding among varied cultures and life style. Tourism is basically a private sector activity in the development of infrastructure. Private participation is the need of the hour. Very often, tourism and environment are in conflict. Many places in the interior of the country are not well-connected by proper roads, railways or airways. Excessive bureaucracy also delays new hotel and transportation projects. Tourists are exploited economically by retailers, shopkeepers and other persons and with this criminal elements also present in India, which is not safe for women tourists and as well other tourists.

REVIEW OF LITERATURE

According to a report by Mc Kinsey, tourism is going to be the very significant industry in the world in the next few years. India is experiencing the same now. Tourism is being considered as a sunrise industry in our economy. India is growing as a favorite destination of the foreign tourist. In their paper "Impact of tourism on Indian economy", LeenaKakkar and Sapna¹, tourism has played a significant role in the economic growth. It has played a supportive role in the development of industry. It has contributed to the foreign exchange earnings, income as well as employment generation. Since tourism has forward and backward linkages to sectors such as hotels, infrastructure it will reap the full potential of these opportunities. Dr. Prakash Singh in his paper "Sustainable tourism and economic development: a case study of Agra and Varanasi"² maintains that tourism has played a very dominant role over the traditional sectors of the developing countries such as agriculture. Tourism contributes more than the agriculture in the GDP of India. In an article on tourism by V. Bansal, an additional advantage of tourism was focused. Tourism creates backward and forward linkages with the other sectors like agriculture, poultry, handicrafts, transport and construction thus creating multiplier effect in the economy. The value of tourism multiplier is 2.36. Another Significant benefit of tourism is contribution to the national and state revenues. Tourism gains immense popularity worldwide in recent trend. For the accelerating trend of this sector government has adopted various steps. Many more literatures are also built in this area to spread the importance of the sector globally. Sandeep Das (2011) in his article explains that tourism generates employment directly and indirectly. So, it is useful for job purpose, which is also helpful in develop the economy. Barna maullick(2012) in his article highlights about the tourism as strategy for rural development. He has given more priority of tourism sector and its contribution to earn foreign exchange and the accelerating trend of this sector towards attracting the foreign tourist arrival in India from 2001 to 2010. ParmarJaysingh (2012), in his article explains tourism as an engine for economic growth. In his study he basically focuses on the rural economy of Himachal Pradesh with the findings that this state is emerging as a favorite destinations for the tourists i.e., both domestic and foreigners which helps for the growth of the state.

OBJECTIVES

- To identify the challenges involved in this sector.
- To understand the opportunities in tourism industry.
- To analyze the growth of foreign arrivals, foreign exchange earnings in India directly from the tourism industry.

Research Methodology

The research paper is descriptive in nature. To achieve the objectives of the study mainly the secondary information has been used for conducting this research. Secondary information has been collected from various government sources such as the ministry of tourism, the government of India, other relevant websites, journal and research papers.

Challenges of tourism industry in India

Indian tourism and hospitality industry is growing day by day. We can generate employment, foreign earnings and increase GDP through this industry. It has potential to develop the economy and social terms. But still this industry faces some challenges which are biggest barrier for development of this industry. These challenges are as follows:-

Lack of Proper Infrastructure

Infrastructure is the basic need for the tourism and hospitality industry. Infrastructure includes road, electricity, water supply and telecommunication. Many services include in tourism and hospitality industry such as airline, road transport, accommodation, accessibility etc. India is facing lack of infrastructure problem, but now government has taken some initiative for removing this problem.

Access and Connectivity

The infrastructure facilities like air, rail, road connectivity, and hospitality services are still needs to be improved to connect various cities across the country. This remains a major issue for the development of tourism. Tourists largely depends on road network rather other mode. Despite numerous efforts will be taken to modernize the road facilities connectivity remains a major challenge. There is a greater need to improve road and rail network to connect various locations across different regions in the country.

Amenities

Amenities available at various tourist locations and en route need to be improved. These include basic amenities such as drinking water, well maintained and clean waiting rooms and toilets, first aid and wayside such as lounge, cafeteria, and parking facilities, among others. India scores poorly in terms of availability of these infrastructure facilities. Inadequate infrastructure facilities affect inbound tourism and also could lead to an increase in the outflow of domestic tourists from India to other competitive neighboring countries.

Human Resource

Tourism industry requires human resource at every level such as managerial, supervisory, skilled or semi-skilled. It gives employment which is good but this is also the biggest challenge to find skillful human resource for this industry, although human resources are adequate, a boom in other service industries such as banking, retail, airline and BPO have resulted in shortage of manpower at this level for the travel and tourism industry. Thus, we have a demand-supply mismatch with respect to manpower in the tourism sector in India.

Service level

Tourism industry is the part of the service sector. This industry provide lots of services to tourists such as hospitality services, lodging services, food services etc. the government has taken initiative to promote the tourism industry. But still, tourists not satisfied properly. That's why it is also a biggest challenge for this industry.

Marketing and Promotion

India needs to change its traditional marketing approach to a more competitive and modern approach. There is a need to develop a unique market position and the brand positioning will be the essence of the country's tourism products to the potential customer. Indian tourism products are promoted primarily by the Ministry of Tourism with the involvement of state governments through the State Tourism Development Corporations. For any new thoughts exist in this sector it require support to develop and flourish with the involvement of Government. India has big opportunity in tourism to make it better position to use and consider new strategy in marketing to close with domestic as well as global tourists.

Taxation

Tourism industry is a high taxed rated industry which makes travel very expensive for middle or lower class tourists and this is affecting the industry development. But now since 1 July 2017, government implements GST, which is very fruitful for this industry. Lots of taxes such as service tax, luxury tax and transportation are replaced by GST. Obviously this will be one of the challenges behind of our sustainability in this sector.

Security

Security is the very important part for every person in their life. In India, security has been a major problem for our growth in tourism for a number of years. Terrorist attacks or political unrest in different parts of the country have adversely affected sentiments of foreign tourists. However, the government needs to take a proactive approach in addressing these issues and in averting the potential impact on the industry. Cyber crime is another major challenge in tourism industry. Use of Internet in the travel and tourism industry has increased rapidly in recent years and has emerged as one of major segments for online spends. The industry needs to take measures to make the process of online bookings more secure and transparent and also needs to create awareness regarding this. Because, some of the biggest frauds have been detected in this segment and the issue of online security has assumed significantly importance.

Regulatory Issues

A number of countries competing with India for tourists provide visa on arrival. India should provide visa on arrival formore countries or for certain categories of tourists for a specific duration. Other hand government regulation for hotel industry or tourism infrastructure segment is the basis of development of this industry. Due to non-attainment of licenses and approvals on time, hotel industry is delayed. But government istrying to remove these weak points. Now, they cleared lots of proposal related to hotel projects.Implementation of this proposal would help development of tourism and hospitality infrastructure in the country. There is a greater need for speedier clearances and approvals for all projects related to the industry.

Opportunities in tourism industry in India

India’s size and massive natural, geographic, cultural and artistic diversity offers enormous opportunities for the travel and tourism industry. The promotion and aggressive marketing measures undertaken taken by the government is expected to aid influx of tourists. There are lots of opportunities because here is ability to develop new forms of tourism, which will be beneficiary for this industry. Now, this time, new type of tourism is famous which Medical tourism is. In India, it has gained considerable popularity. India has a major cost advantage in this field compared with other countries. In addition to cost advantages, India health care industry offers state-of-threat equipment, technological advancement, qualified and experienced medical personal and a blend of modern and traditional medicines. Thus, medical tourism has immense potential in India. Opportunities also exist in eco-tourism, adventure tourism and cruise tourism. Eco-tourism is increasing popularity, evident in the development of eco-friendly hotels and tour packages. With increasing environment awareness and consciousness among tourists and given efforts undertaken by the government and private players, the ecotourism segment is expected to record handsome growth in the coming years. India holds immense potential in adventure and cruise tourism.

Foreign tourist arrivals data

| YEAR | FTI IN INDIA (in millions) | | | P E R C E N T A G E | | |
|------------------------------------|----------------------------|---|---|---------------------|---------|--|
| 2 0 0 5 | 3 | . | 9 | 2 | 1 3 . 3 | |
| 2 0 0 6 | 4 | . | 4 | 5 | 1 3 . 5 | |
| 2 0 0 7 | 5 | . | 0 | 8 | 1 4 . 3 | |
| 2 0 0 8 | 5 | . | 2 | 8 | 4 . 0 | |
| 2 0 0 9 | 5 | . | 1 | 7 | - 2 . 2 | |
| 2 0 1 0 | 5 | . | 7 | 8 | 1 1 . 8 | |
| 2 0 1 1 | 6 | . | 3 | 1 | 9 . 2 | |
| 2 0 1 2 | 6 | . | 5 | 8 | 4 . 3 | |
| 2 0 1 3 | 6 | . | 9 | 7 | 5 . 9 | |
| 2 0 1 4 | 7 | . | 6 | 8 | 1 0 . 2 | |
| 2 0 1 5 (J A N T O A U G) | 5 | . | 8 | 9 | 4 . 5 | |

Source: 1.) Bureau of Immigration, Govt. of India, for 1998-2014

2.) Ministry of Tourism, Govt. of India, for Jan-August, 2015

Foreign exchange earnings

| Y | E | A | R | FEE (IN US\$ MILLION) | | | | P E R C E N T A G E | | | | | | |
|---|---|---|---|-----------------------|---|---|---|---------------------|---|---|---|---|---|---|
| 2 | 0 | 0 | 5 | 7 | 4 | 9 | 3 | 2 | 1 | . | 4 | | | |
| 2 | 0 | 0 | 6 | 8 | 6 | 3 | 4 | 1 | 5 | . | 2 | | | |
| 2 | 0 | 0 | 7 | 1 | 0 | 7 | 2 | 9 | 2 | 4 | . | 3 | | |
| 2 | 0 | 0 | 8 | 1 | 1 | 8 | 3 | 2 | 1 | 0 | . | 3 | | |
| 2 | 0 | 0 | 9 | 1 | 1 | 1 | 3 | 6 | - | 5 | . | 9 | | |
| 2 | 0 | 1 | 0 | 1 | 4 | 1 | 9 | 3 | 2 | 7 | . | 5 | | |
| 2 | 0 | 1 | 1 | 1 | 6 | 5 | 6 | 4 | 1 | 6 | . | 7 | | |
| 2 | 0 | 1 | 2 | 1 | 7 | 7 | 3 | 7 | 7 | . | 1 | | | |
| 2 | 0 | 1 | 3 | # | 1 | 8 | 4 | 4 | 5 | 4 | . | 0 | | |
| 2 | 0 | 1 | 4 | # | 2 | 0 | 2 | 3 | 6 | 9 | . | 7 | | |
| 2 | 0 | 1 | 5 | * | 1 | 3 | 0 | 1 | 7 | - | 1 | . | 3 | @ |

#1: Provisional Estimates (based on Provisional FTAs), @ Growth Rate over Jan-Aug, 2014 #2: Revised estimates (based on final FTA received from BOI). Source: (i) Reserve Bank of India, for 1998 to 2010 (ii) Ministry of Tourism, Govt. of India, for 2011 to 2015

Suggestions for Improvement

In present time, tourism is the rapidly growing industry in the world from the earning and economic development point of view. But in India, no one focused on the development of tourism industry before independence. After the independence, specially eight five year plan, the government started lots of plans and policies to organize and develop the tourism as an industry all over the country. Some of the steps taken by Government are:

- Plans preservation of cultural, heritage and environment at tourist destinations to attract more tourists.
- Development of infrastructure to meet the present and future needs of tourist.
- Government Started different types of luxurious trains like Palace on Wheels, Royal Orient or Deccan Queens.
- Government initiated overseas offices at different countries to promote India as a tourism destination.
- Central and State tourism department should have proper coordination for the development of destination purpose.
- Develop various packages for all type of tourist, which will attract more tourists.
- Developed different Tourism Circuits like adventures circuit, eco-tourism circuit or Buddhist Circuit to promote tourism in India.

If we want to develop the tourism sector, it is most important to focus on the tourist satisfaction because tourist is the Soul of this sector. Actually we use various tools of promotional techniques to promote and publicity of tourism sector but we forget, a satisfied tourist is the best tool for promotion. So, efforts should be made to give good hospitality services, give various and attractive tour packages at lower price, provide good transport services (road, air, water transport) and other useful facilities, which will make more tourists. There should be proper law and order situation at the tourist destinations. Efforts should be made to ensure uninterrupted power supply for the comfort of the tourists. Well trained and efficient human resources should be employed at every level to provide polite and courteous hospitality to the tourists. And well coordination between state and central tourism department, local bodies, private bodies and agencies like hotels and tour operators etc.

CONCLUSION

Tourism helps a country's economy in a various ways. Tourism is a service industry and can have a significant effect on those countries with surplus labor .To this service industry human labor is extremely important, most sector of tourism industry are labor- intensive, and require relatively short training for most jobs. Jobs in tourism were always attractive and highly respected. It is a composite sector, generating income in a large number of activities as sectors and sub sectors like, hotel and other accommodation units, travel agents and tour operators, transport services, tourist resorts and complexes, shopping facilities including sales outlets for curious, handicrafts, souvenirs, and so on. The tourism sector is often criticized for providing only low-wage, seasonal employment, but it has to be obvious that if there were no tourism many workers in India would be unemployed.

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