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Tourism Industry in India: Prospective, Issues and Challenges

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ABSTRACT

Tourism becomes the perfect vehicle for inclusive growth of society and positively contributes to the development and poverty alleviation. Travel industry has the potential to change lives and way of approach to people. Present study analyses the issues, challenges and perspectives of tourism industry in India. Analytical-cum- descriptive research design is used in present study, in which secondary sources are used to gather information. Study concluded that although tourism industry in India has registered of positive growth since last decade, but there are many lacunae. Tourism industry in India is growing and it has vast potential for generating employment and earning large amount of foreign exchange besides giving a fillip to the country's overall economic and social development. Eco-tourism needs to be promoted so that tourism in India helps in preserving and sustaining the diversity of the India's natural and cultural environments. Tourism in India should be developed in such a way that it accommodates and entertains visitors in a way that is minimally intrusive or destructive to the environment. If we look at the way other countries present their tourism statistics and the details included, we have a long way to go, though there has been a reasonable improvement with regard to international tourism data collection.

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INTRODUCTION

Tourism is a complex consumptive experience that results from a process where tourists use multiple of services like information, relative prices, transportation, accommodation, and attraction services (Gunn 1988). Tourist experiences are also shaped by economic and political conditions and structural features which contribute to the nature of the destination product. Murphy et al (2000) related this type of product to a supply and demand analysis and described how the various components of the destination interact with travellers during their trip.

Tourism worldwide, serves as an important employment generator, source of foreign exchange and economic growth. Richly endowed with unique culture, nature, heritage, lively markets, traditional hospitality, India has the tourism product in abundance. The need is to serve it in an attractive manner to the consumer. Tourism industry in any country flourishes on the basis of competitiveness of facilities like infrastructure, accommodation, transport and recreation and that is where the role of various stake holders' right from Central and State Governments to entrepreneurs and society as a whole comes into play.

The Government policies provide a framework to promote the sector and facilitate growth. They help put in place a set of guidelines and strategies to boost inflow of tourists. They also provide access to resources and opportunities for employment. Vision of the current government is to achieve 1% of ITA by the end of 2016-17. However it is the vision and talent of the entrepreneur to add economic value to these schemes and resources and exploit them for good of the society as well as their own financial progress. Tourism industry, with its allied sectors, offers widest range of commercial activities like transportation, accommodation and catering, tour packages, entertainment etc. for venturing into business and entrepreneurship. Identifying Innovative

and unconventional tourist places, promotion of destinations yet unexplored, hold the key for successful entrepreneurship and sustenance of tourism in India.

Despite the numerous problems, tourism industry was the second largest foreign exchange earner for India. Tourism contributed 6.6% of India's GDP and created 39.5 million jobs in 2012. The total number of inbound tourists has grown at 16% in the last five years and is expected to grow at 12% in the next decade. During 2013, travel and tourism industry contributed Rs 63,160 crore to the economy. International tourists account for a little over 5 million visitors, while domestic market is seen at more than 500 million. According to Deloitte Touche, the Indian tourism sector is likely to generate nearly \$42.8 billion by 2017.

Despite the challenges being faced in terms of a slowing economy, sluggish demand and security concerns, the country was fighting back and tourism developments were taking place. The growth pattern suggests that Indian tourism growth is not solely based on foreign tourist arrivals alone as due to global reasons and disturbances, this phenomenon is always affected adversely. However, domestic tourism has been growing in a settled way. Fairs and festivals of India are continuous phenomena.

Present paper assessed the growth of tourism in India with respect to its infrastructural development and various issues and challenges ahead of growth in tourism in India.

REVIEW OF LITERATURE

Smith (1994) stressed that the level, use, or lack of infrastructure and technology in a destination are also visible and determining features that can enhance the visitors' trip experience. Many researchers (Choy, 1992; Buharis, 2000; Crouch & Ritchie, 2000 etc.) summarized that tourists' overall impression develops their image of a destination after their visitation and that infrastructure may play an important role in that respect. Crouch and

Ritchie (1999), argued that factor conditions are important determinants of attractiveness as tourists travel to a destination to receive the destination experience.

Today, ecotourism is one of the fastest growing markets, considered as one of the world's biggest industries. For developing countries like India, Ecotourism serves as an ideal industry for fostering economic growth and conservation (Chatterji and Das, 2015). Starmer-Smith's study (2004) stated that the number of ecotourists is growing three times faster than the conventional tourists. Their study also forecasts that by 2024, ecotourism is expected to represent 5 % of the global holiday market. The growth of this niche market is because of changing consumer patterns. Tourists are becoming environmentally conscious and thus are becoming "greener" (Sharpley, 2006). International tourism arrivals are expanding at 6.5 % annually and within this, ecotourism is growing at an annual rate of 5 % representing the fastest growing market (Das, 2011).

Banerji (2015) concluded that special attention is being given for the development of Adventure Tourism in the policy for the diversification of tourism product of India. The Ministry of Tourism has also issued guidelines for approval of Adventure Tour Operators, which is a voluntary scheme, open to all bonafide adventure tour operators. Central Financial Assistance is being extended to various State Government / Union Territory Administration for development of Tourism infrastructure in destinations including Adventure Tourism destinations.

Dixit (2015) concluded that the Indian tourism industry did not have it so good since the early 1990s. Though the Indian economy has slowed, it is still growing faster than the rest of the world. With Indian economy growing at around 5% per annum and rise in disposable incomes of Indians, an increasing number of people going on holiday trips within the country and abroad is resulting in the tourism industry growing wings. The potential for India to attract

tourists is unlimited and tourism can play an increasingly beneficial role in the Indian economy in the years to come.

Swamy (2015) opined that innovative business opportunities offer tremendous potential from the tourism perspective. Exploitation of these resources depends on the entrepreneurial spirit and a culture that accepts tourists with open arms, true to the Indian spirit of "Atithi Devo Bhava" !

Subramaniam (2015) in his article "Role of Tourism in Economic Development" concluded that the tourism can create economic activity in fragile, remote areas with relatively poor infrastructure and generate local employment amongst a wide spectrum of people with varying skill sets.

OBJECTIVES

The main objective of the study is to analyse the issues, challenges and perspectives of tourism industry in India.

METHODOLOGY

Analytical-cum descriptive research design is used in present study, in which secondary sources are used to gather information.

INDIAN TOURISM INDUSTRY: ISSUES AND CHALLENGES

Tourism infrastructure is the supply chain of transport, social and environmental infrastructure collaborating at a regional level to create a destination including:

Transport infrastructure which provides the visitor access from international and domestic source markets to destinations; and includes airports, major roads and rail.

Social infrastructures which is the stock of rooms to accommodate visitors and physical structures for exhibitions, events and services that attract visitors. This infrastructure includes hotels, convention centres, stadiums, galleries and tourist precincts in a destination.

Environmental infrastructure which is the natural estate of national parks, Marine parks and reserves, including visitor facilities.

Collaborative Infrastructure which is the network of regional, state and national tourism organizations that market destinations and distribute tourism products.

India is probably the only country that offers various categories of tourism. These include mountains, forests, history, adventure tourism, medical tourism (including ayurveda and other forms of Indian medications), spiritual tourism, beach tourism (India has the longest coastline in the East), etc. It has been said that destinations in India are more diverse than the countries elsewhere. Each region of India has a unique culture, festivals/dress, monumental heritage and edification.

The tourism sector in the country has been experiencing a huge deficit in quality human resources. The scheme for capacity building envisages creating and upgrading adequate institutional infrastructure for training and certification of manpower resources. Emphasis

is placed on opening of new institutes such as Institutes of Hotel Management and Food Craft Institute.

India is yet to realize its true potential of vitalizing its tourism assets to make a significant contribution to the country's economic development with inclusive growth. The 12th plan document represented a significant departure from a primary focus on international tourist arrivals and foreign exchange earnings being the principal objective and attempts to integrate the role of tourism in accordance with the Millennium Development Goals and the Sustainable Development Goals conceptualized by the United Nations World Tourism Organization.

According to the 12th Plan document, "Tourism has the potential to help achieve the objectives of the Twelfth Plan for faster, more inclusive and sustainable growth. More importantly, it is a powerful antidote to poverty.

Table 1: Trends of Foreign Tourist Arrival in India

Year	No. of Foreign Tourist	AGR
2001	25,37,282	-
2002	23,84,364	-6.0
2003	27,26,214	14.3
2004	34,57,477	26.8
2005	39,18,610	13.3
2006	44,47,167	13.5
2007	50,81,504	14.3
2008	52,82,603	4.0
2009	51,67,699	-2.2
2010	57,75,692	11.8
2011	63,09,222	9.2
2012	65,77,745	4.3
2013	69,67,601	5.9
2014	76,79,099	10.2
2015 (upto August)	50,67,579	11.2

Source: India Tourism Statistics at a Glance 2014, p. 2, Table 1.

It eliminates the disadvantage of market inaccessibility suffered by the poor in respect of their goods and services by bringing the

consumer to their doorstep. This reduces the need for intermediation thereby improving recovery. However, the potential can be fully

realised only if the international competitiveness of the Indian tourism sector improves significantly by removing both the supply and demand constraints.

TRENDS IN INDIAN TOURISM

The tourism sector is expected to perform well in future and the industry offers an interesting investment opportunity for long-term investors. Realizing the potential in India, international and domestic hotel chains were rushing to cash in on it. The sudden boom in tourism in India took the tourism industry by storm forcing everyone to think how to sustain the growth. In fact, tourism is a trillion dollar industry making it one of the largest foreign exchange earners and generator of employment in India.

The number of Foreign Tourist Arrivals (FTAs) in India during 2013 increased to 6.97 million as compared to 6.58 million in 2012. The growth rate in FTAs during 2013 over 2012 was 5.9% as compared to 4.3% during 2012 over 2011. The growth rate of 10.2% (7.68 million) in 2014 for India was much better than growth rate of

5.9% for the International Tourist Arrivals in 2013. The first six monthly reports of 2015 also show the sound growth of 11.2% with FTAs of 5.08 million.

India has a large domestic tourism market too, in addition to international travellers. A variety of products and price points required to realise the country's large domestic tourism potential must be developed. Standard, international products will not be able to open up this market. Indeed, even foreign tourists to India come for a variety of experiences, from luxurious to the simple and spiritual. This would require innovations in products. Therefore, on the supply side, it is necessary to identify new tourism products and create destinations and circuits around them by a comprehensive physical and financial plan through a community participatory process. This would have to be complemented by building the necessary human resource skills for servicing the tourist.

Table 2: Number of Domestic Tourist Visits to all States/UTs in India, 2001-2014(In Million)

Year	No. of DTVs	AGR
2001	236.47	-
2002	269.60	14.0
2003	309.04	14.6
2004	366.27	18.5
2005	392.01	7.0
2006	462.32	17.9
2007	526.56	13.9
2008	563.03	6.9
2009	668.80	18.8
2010	747.70	11.8
2011	864.53	15.6
2012	1045.05	20.9
2013	1145.28	9.6
2014	1281.95	11.9

Source: India Tourism Statistics at a Glance 2014, p. 10, Table 9.

Number of domestic tourist visits in India during 2013 was 1145.28 million as compared to

1045.05 million in 2012 with a growth rate of 9.6%. This growth rate has further registered

high (11.9%) with 1281.95 million DTVs in year in year 2012.
2014. Highest growth of 20.9% was registered

Table 3: Share of Top 10 States/UTs of India in Number of Domestic Tourist Visits - 2014

Rank	State/UT	Domestic Tourist Visits in 2014	
		Number	Percentage Share (%)
1	Tamil Nadu	32,75,55,233	25.6
2	Uttar Pradesh	18,28,20,108	14.3
3	Karnataka	11,82,83,220	9.2
4	Maharashtra	9,41,27,124	7.3
5	Andhra Pradesh	9,33,06,974	7.3
6	Telangana	7,23,99,113	5.6
7	Madhya Pradesh	6,36,14,525	5.0
8	West Bengal	4,90,29,590	3.8
9	Jharkhand	3,34,27,144	2.6
10	Rajasthan	3,30,76,491	2.6

Source: India Tourism Statistics at a Glance 2014, p. 12, Table 12.

If we look in position of states as per their share in India's total number of domestic visitors, Tamil Nadu stands first with 25.6% of total DTVs and Uttar Pradesh in Second position with 14.3% of Total DTVs in year 2014.

Table 4: Foreign Exchange Earnings (FEEs) from Tourism in India, 2001-2015(In Crore Rs)

Year	FEEs from Tourism in India	AGR
2001	15083	-
2002	15064	-0.1
2003	20729	37.6
2004	27944	34.8
2005	33123	18.5
2006	39025	17.8
2007	44360	13.7
2008	51294	15.6
2009	53700	4.7
2010	64889	20.8
2011	77591	19.6
2012	94487	21.8
2013	107671	14.0
2014	123320	14.5
2015 (upto August)	82225	3.0

Source: India Tourism Statistics at a Glance 2014, p. 5, Table 4.

Tourism continues to play an important role as a foreign exchange earner for the country. In 2012, foreign exchange earnings (FEE) from tourism were Rs. 944.87 billion as compared to Rs. 775.91 billion in 2011, registering a growth

of 21.8%. In year 2013 and 2014, foreign exchange earnings (FEE) from tourism were Rs. 1076.71 billion and 1233.20 billion with the growth of 14.0% and 14.5% respectively.

Table 5: Share of India in International Tourist Arrivals (ITAs)/ International Tourism Receipts (ITRs) in World and Asia & the-Pacific Region, 2001-2014(FTAs in million)

Year	International Tourist Arrivals			% Share in ITAs		International Tourist Receipts			% Share in ITRs	
	World	A & P	India	World	A & P	World	A & P	India	World	A & P
2001	683.4	114.5	2.54	0.37	2.22	444.8	72.3	2948	0.66	4.08
2002	703.2	123.4	2.38	0.34	1.93	458.2	79.1	3009	0.66	3.80
2003	691.0	111.9	2.73	0.39	2.44	475.3	85.3	3460	0.73	4.06
2004	762.0	143.4	3.46	0.45	2.41	463.8	88.1	3198	0.69	3.63
2005	803.4	154.6	3.92	0.49	2.53	481.9	96.5	3103	0.64	3.22
2006	846.0	166.0	4.45	0.53	2.68	529.3	93.7	4463	0.84	4.76
2007	894.0	182.0	5.08	0.57	2.79	633.2	124.1	6170	0.97	4.97
2008	917.0	184.1	5.28	0.58	2.87	679.6	135.0	7493	1.10	5.55
2009	883.0	181.1	5.17	0.59	2.85	744.0	156.9	8634	1.16	5.50
2010	948.0	204.9	5.78	0.61	2.82	857.0	187.0	10729	1.25	5.74
2011	995.0	218.5	6.31	0.63	2.89	939.0	208.6	11832	1.26	5.67
2012	1035.0	233.5	6.58	0.64	2.82	853.0	204.2	11136	1.31	5.45
2013	1087.0	249.8	6.97	0.64	2.79	931.0	255.3	14193	1.52	5.56
2014	1135.0	263.4 (P)	7.68	0.68	2.92	1042.0	289.4	16564	1.59	5.72

Source: Computed from India Tourism Statistics at a Glance 2014, p. 14-15, Table 13 &14.

The share of India in total International Tourist Arrivals (ITAs) in Asia & Pacific region is around 2.5% since last decade. It was highest in 2011 (2.89%) and lowest in 2002 (1.93%).

Whereas share of India in world total International Tourist Arrivals (ITAs) is around 0.5% with highest (0.68%) in 2014 and lowest in 2002 (0.34%).

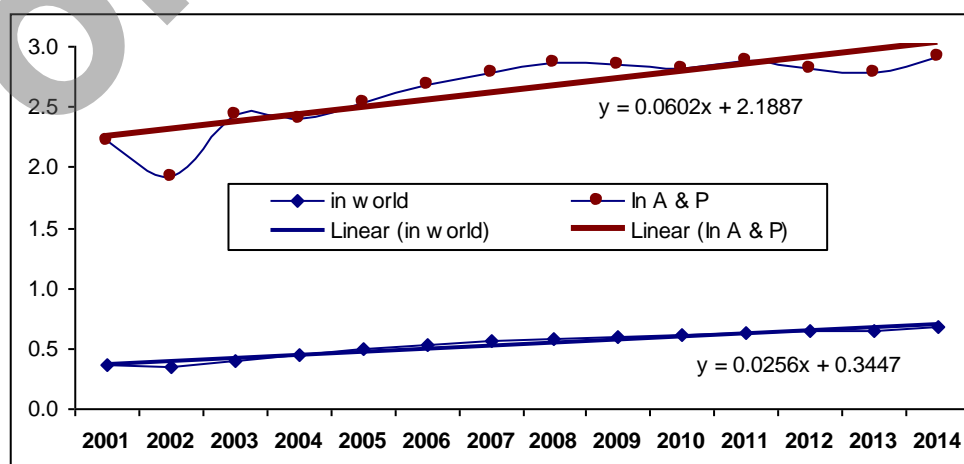


Fig 1: Share of India in ITAs in World and Asia & the-Pacific Region

Fig. 1 indicates the increasing trend of share of India in total International Tourist Arrivals (ITAs) in Asia & Pacific region as well as in world total

International Tourist Arrivals (ITAs) as both the trend lines have registered a positive slop.

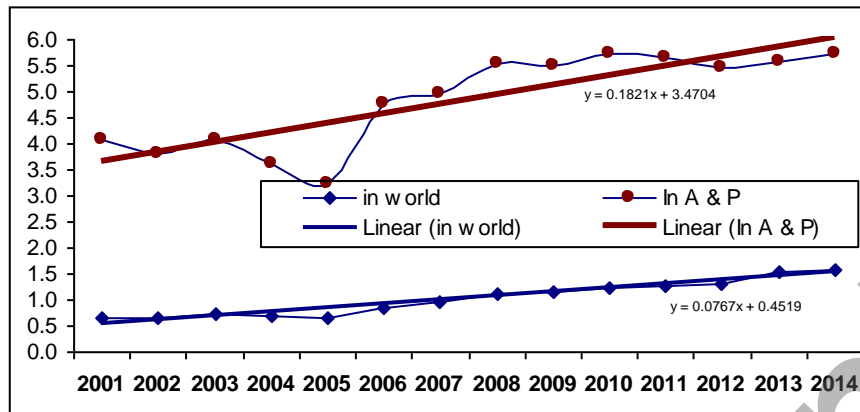


Fig 2: Share of India in ITRs in World and Asia & the-Pacific Region

The share of India in total International Tourist Receipts (ITRs) in Asia & Pacific region as well as in world ITRs is also showing an increasing trend, with slight fluctuation in few years.

Tourism is a fiercely competitive business and perceptions about the value proposition are crucial to get the right tourists. Tourism being perceived as an island of luxury in a sea of poverty has led to very high taxes at every level and in the short term, this has not got rationalized. As an example, the taxes and other levies on a meal in a five star hotel offering live entertainment is nearly 40% without the attendant benefits of power, water and waste management being provided. Likewise, despite very high interstate taxes for tourist vehicles, the highway amenities are inadequate.

CONCLUSION

Tourism industry in India is growing and it has vast potential for generating employment and earning large amount of foreign exchange besides giving a fillip to the country's overall economic and social development. Ecotourism needs to be promoted so that tourism in India helps in preserving and sustaining the diversity of the India's natural and cultural environments. Tourism in India should be developed in such a way that it accommodates and entertains visitors in a way that is minimally

invasive or destructive to the environment. If we look at the way other countries present their tourism statistics and the details included, we have a long way to go, though there has been a reasonable improvement with regard to international tourism data collection.

If India does not take advantage of current tourism revolution, it will have only herself to blame. With just a few initiatives, India can really take benefits of this sunrise sector. The lack of infrastructure is visible in all segments of tourism be it related to airports, railway, surface transport, accommodation trained manpower, shopping with easiness, travelling in style, medical tourism, tourism education, sustainable development norms etc. Tourism streaks off from societal edifice and so it must be in such a state to roll out service and in turn every strata of society must get the spin-off.

Any strategy requires appropriate organizational structure for effective implementation. Unfortunately, this has not happened in India. While the relationship between the centre and the state is clearly defined, the need to have Tourism Councils at the district level has not been carried out with adequate transparency. India is one of the few countries where there is no functional structure with the induction of professionals on a contractual basis. Tourism requires a strong

coordination at inter ministerial levels as the customer experience is dependent on visas, air passage, health regulations, import restrictions, which come under the jurisdiction of home, civil aviation, health, finance, environment and commerce ministries.

A multi-pronged effective tourism marketing strategy would need to be adopted to eliminate information irregularity and create brand India. Taxation of tourism should be rationalized in conformity with the best international practices. The responsibilities for implementing the comprehensive plan for development of tourist circuits and building brand India is fragmented vertically across levels of governments and horizontally across the private and public sector. Hence, it is imperative to establish a transparent and effective policy and regulatory framework; create the appropriate incentive structure; and institute a coordination mechanism to synergise the activities of different stakeholders.

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