



TOURISM IN INDIA- IMPACT & INITIATIVES

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Abstract

Travel & Tourism creates jobs, drives exports, and generates prosperity across the world. Today tourism is the largest service industry in India, with a contribution of 6.23 per cent to the national Gross Domestic Product and providing 8.78 per cent of the total employment. Foreign Tourist Arrivals (FTA) crossed the 10 million milestone in 2017 and the growth trend is expected to continue over the coming years. The introduction of E-Visa has led to a strong surge in FTAs which extended to citizens from 166 countries for visit to India through 28 international airports. Key initiatives undertaken by Government of India, Ministry of Tourism, which includes launching of 'Incredible India 2.0 campaign' with market specific content and advertising for tourism development in India. The major challenges faced by the Indian tourism industry are deficiencies in infrastructure like sanitation, living facilities, hotels, etc., and inadequate connectivity between cities and tourist locations and security issues etc. According to the World Travel and Tourism Council, India will be a tourism hotspot from 2009-2018, having the highest 10-year growth potential. Moreover, India has been ranked the "best country brand for value-for-money" in the Country Brand Index survey.

Keywords: GDP, FTA, Incredible India 2.0 Campaign, E-Visa.

1. Introduction

Tourism is one of the powerful operators of employment and wealth globally. The activity of tourism in various countries is reflected the most significant than creation concerning to the financial characteristics as well as social impacts. For a growth of economy tourism is an exceptional facilitator that's why it is a vital part in macroeconomic level. This business is imperative to force labour and is essential cause of government's revenues. As one of the world's largest economic sectors, Travel & Tourism creates jobs, drives exports, and generates prosperity across the world. The sector, comprised of a wide range of industries, aims to serve and support domestic, international, business and leisure visitors. Companies, large and small, in industries ranging from accommodation and transportation to food & beverage, retail and culture and sports & recreation, all strive to create products and services that bring people together, support communities and celebrate the wonders that our world can offer.

In its annual analysis quantifying the global economic and employment impact of Travel & Tourism in 185 countries and 25 regions, the World Travel & Tourism



Council's (WTTC) research reveals that the sector accounted for 10.4 per cent of global GDP and 319 million jobs, or 10 per cent of total employment in 2018. The division of overall spend is firmly weighted towards the leisure market, which represented 78.5 per cent of the total compared with 21.5 per cent for business spend, and the sector accounted for 6.5 per cent of total global exports and 27.2 per cent of total global service exports. Domestic tourism, which represented 71.2 per cent of all tourism spending in 2018 and had the strongest growth in developing nations, continues to support opportunities by spreading development and regional economic benefits and building national pride.

2. Importance of tourism industry

- **Sources of foreign exchange earnings:** Industry of tourism is the key effective type of business worldwide.
- **Employment Opportunities:** This industry is also one of the significant segments. It creates opportunities related to employment. It offers services to inexperienced, pre-nominal and experienced manpower. Director, labour etc are the individual or efforts necessary in the industry of tourism.
- **Sources of public as well as private income:** Industry of tourism is the main cause of earnings for public along with private sector government sales tax, service tax and charges tax etc. which is recognized as government proceeds is the revenue of community. Handicraft, arts etc are the stuffs that fascinate tourist and majority of them purchase them and the seller make some profit which is called private earnings.
- **Cultural Exchange:** Business of tourism accommodates social interchange tourist bring over several ethnic perceptions of other states wherever they visit. Native individuals can pick up their linguistic, skill, talent, values etc and vice versa.

3. Present scenario of Tourism in India

Today tourism is the largest service industry in India, with a contribution of 6.23 per cent to the national Gross Domestic Product (GDP) and providing 8.78 per cent of the total employment. India witnesses' more than 5 million annual Foreign Tourist Arrivals and 562 million domestic tourism visits. The tourism industry in India generated about US\$100 billion in 2008 and that is expected to increase to US\$275.5 billion by 2018 at a 9.4 per cent annual growth rate. The Ministry of Tourism is the nodal agency for the development and promotion of tourism in India and maintains the "*Incredible India*" campaign.

According to World Travel and Tourism Council, India will be a tourism hotspot from 2009-2018, having the highest 10-year growth potential. As per the Travel and Tourism Competitiveness Report 2017 by the World Economic Forum, India is ranked 11th in the Asia Pacific region and 62nd overall, moving up three places on the list of the world's attractive destinations. It is ranked the 14th best tourist destination for its natural resources and 24th for its cultural resources, with many *World Heritage Sites*,



both natural and cultural, rich fauna, and strong creative industries in the country. India also bagged 37th rank for its air transport network. The India travel and tourism industry ranked 5th in the long-term (10-year) growth and is expected to be the second largest employer in the world by 2019.

Moreover, India has been ranked the "best country brand for value-for-money" in the Country Brand Index (CBI) survey conducted by *Future Brand*, a leading global brand consultancy. India also claimed the second place in CBI's "best country brand for history", as well as appears among the top 5 in the best country brand for authenticity and art & culture, and the fourth best new country for business. India made it to the list of "rising stars" or the countries that are likely to become major tourist destinations in the next five years, led by the United Arab Emirates, China, and Vietnam.

Foreign Tourist Arrivals crossed the 10 million milestone in 2017 and the growth trend is expected to continue over the coming years. However, consumption by domestic tourists remains the key strength of the sector in India, much stronger than the global average. The segment is expected to grow further with growing disposable income, increasing inclination towards travelling across age groups and emergence of new destinations as well as new themes of tourism. India also follows the global trend in terms of higher spending on leisure tourism as compared to business spending. The top 10 source countries accounted for 65.80 per cent of the total inbound tourist flows in 2017, which includes Bangladesh, United States, United Kingdom, Canada and Australia. Foreign tourist arrivals from most of the top source countries grew during the last few years. China, the largest market for outbound tourism, however witnessed a marginal dip. The introduction of E-Visa has led to a strong surge in Foreign Tourist Arrivals since its launch in September, 2014. This scheme has been extended to citizens from 166 countries for visit to India through 28 international airports and 5 sea ports. In 2018, 2.37 million foreign tourists availed the E-Visa facility which represents 39.4 per cent increase over 2017.

Diverse portfolio of tourism offerings including traditional and emerging themes of tourism, including Nature-based, Heritage & Cultural, Religious, Adventure, Medical & Wellness, MICE and Wedding, among others have been a key attraction for domestic and foreign tourists. Strong domestic demand and economic growth, price competitive offerings, infrastructure development, and emergence of new destinations and niche tourism products will continue to drive the growth of the industry in the near future. The Government has been actively working towards tapping plethora of opportunities available in the sector to actualize its true potential. Several initiatives such as rapid implementation of Swadesh Darshan and PRASHAD schemes, E-Visa and Adventure Tourism Guidelines, among others coupled with promotional activities such as Incredible India 2.0 campaign and India Tourism Mart 2018 have immensely benefited the sector. Going forward, there is a greater need for the Government and the private sector to collaborate for successful conceptualization and implementation of developmental initiatives for the sector. The industry has to collectively work with the Government towards thematic development of the destinations and skilling of local



communities. There is also a need for intervention in conservation and promotion of our natural resources, heritage and traditional arts & culture. Technology can be a key enabler and play a critical role in unprecedented growth of the sector.

Tourism in India has traditionally been driven by domestic visitors. Major share of tourist footfall and tourism spending can be attributed to domestic travellers. The overall number of tourist is on the rise in India. In 2017, total number of domestic tourist visits (DTV) to states and Union Territories stood at 1652.5 million, registering a growth of 2.3 per cent over 2016. Foreign Tourist Arrivals (FTAs) crossed the 10 million milestone in 2017 with a total of 10.04 million tourists visiting India, registering a growth of 14 per cent over 2016. During Jan-Nov 2018, the FTA was 9.37 million, registering a growth of 5.6 per cent over the same period in 2017. However, India still has a considerably small share of FTAs in world's International Tourists arrivals, accounting for nearly 0.76 per cent in 2017. The Government of India has set a target of increasing this share to 1 per cent by 2020 and 2 per cent by 2025. The introduction of E-Visa has led to a strong surge in FTAs. In 2017, 1.7 million foreign tourists availed this option representing 16.9 per cent of total FTAs. New Delhi and Mumbai airport together accounted for 63.7 per cent of these tourists.

4. Tourist Attractions in India

India is a country known for its lavish treatment to all visitors, no matter where they come from. Its visitor-friendly traditions, varied life styles and cultural heritage and colourful fairs and festivals held abiding attractions for the tourists. The other attractions include beautiful beaches, forests and wild life and landscapes for eco-tourism; snow, river and mountain peaks for adventure tourism; technological parks and science museums for science tourism; centres of pilgrimage for spiritual tourism; heritage, trains and hotels for heritage tourism. Yoga, ayurveda and natural health resorts and hill stations also attract tourists. The Indian handicrafts particularly, jewellery, carpets, leather goods, ivory and brass work are the main shopping items of foreign tourists. It is estimated through survey that nearly forty per cent of the tourist expenditure on shopping is spent on such items. Despite the economic slowdown, *medical tourism* in India is the fastest growing segment of tourism industry, according to the market research report "Booming Medical Tourism in India". The report adds that India offers a great potential in the medical tourism industry. Factors such as low cost, scale and range of treatments provided in the country add to its attractiveness as a medical tourism destination.

5. Key Government Initiatives to Promote Inbound Tourism

Some of the recent initiatives taken by the Government to boost tourism include grant of export house status to the tourism sector and incentives for promoting private investment in the form of Income Tax exemptions, interest subsidy and reduced import duty. The hotel and tourism-related industry has been declared a high priority industry for foreign investment which entails automatic approval of direct investment up



to 51 per cent of foreign equity and allowing 100 per cent non-resident Indian investment and simplifying rules regarding the grant of approval to travel agents, tour operators and tourist transport operators.

The first-ever Indian Tourism Day was celebrated on January 25, 1998. The Year 1999 was celebrated as *Explore India Millennium Year* by presenting a spectacular tableau on the cultural heritage of India at the Republic Day Parade and organising India Tourism Expo in New Delhi and Khajuraho. Moreover, the campaign '*Visit India Year 2009*' was launched at the International Tourism Exchange in Berlin, aimed to project India as an attractive destination for holidaymakers. The government joined hands with leading airlines, hoteliers, holiday resorts and tour operators, and offered them a wide range of incentives and bonuses during the period between April and December, 2009.

The Government's developmental agenda is to provide inclusive growth and ensure a future with quality jobs. Travel & Tourism, which already supports one in every ten jobs on the planet, is a dynamic engine of employment opportunity. Moreover, one in every five jobs created during the last 5 years has been linked to Travel & Tourism. Government efforts are now focused upon fast track infrastructure development and promoting tourism digitally. Key initiatives undertaken by Government of India which will foster growth of Tourism industry in India are as under:

Ministry of Tourism

- E-Visa facility extended to 166 countries with relaxed application window, duration and number of entry norms.
- Launched Incredible India 2.0 campaign with market specific content and advertising.
- Planned to set up 5 Special Tourism Zones in partnership with states.
- New National Tourism Policy to be launched.
- Under Swadesh Darshan scheme, the Government has identified 15 circuits on specific themes for development. During 2018-19, a total of 7 projects worth INR 384.67 Cr were sanctioned under the scheme.
- In September 2018, first ever India Tourism Mart 2018 was organized in partnership with Federation of Associations in Indian Tourism and Hospitality (FAITH)
- Launched 'Swachh Paryatan Mobile App' & 24x7 Tourist Helpline in 12 international languages.

Ministry of Civil Aviation

- ❖ Civil Aviation Policy 2016 for enhancing connectivity by making air travel safe, secure and affordable
- ❖ Six airports across major cities being developed under Public-Private Participation(PPP)
- ❖ UDAN scheme (UdeDesh Ka AamNagarik) – low cost flights for boosting regional connectivity, launch of dedicated Airline Service to Northeast states



- ❖ Encouragement to Seaplanes and Helicopter services for tourism operations.

Ministry of Railways

- ❖ IRCTC: Dedicated agency to promote rail tourism
- ❖ Tourist trains: promoting pilgrimage and heritage circuits through railways
- ❖ Semi high speed trains like Gatimaan Express and Tejas Express for enhanced connectivity between key tourism destinations
- ❖ Redevelopment of stations for increased tourist amenities

Ministry of Shipping

- Development of 78 lighthouses for tourism under PPP
- Action plan for development of cruise tourism & Cruise Tourism Policy

The growth in India's travel & tourism sector has largely been driven by domestic tourists. Foreign tourists still account for a limited share as compared to some of the top ranking countries. The Government of India intends to achieve the ambitious target of 1 per cent foreign tourist arrivals in world's international tourist arrivals by 2020 and increase it to 2 per cent by 2025. In 2017, India's share stood at 0.76 per cent, which highlights that there is a potential gap that needs to be bridged. In order to achieve this target and make India a Tourism Superpower, coordinated and concerted efforts on multiple fronts will be required.

6. Initiatives to be implemented to promote tourism

- **Creation of National Tourism Authority & Advisory Council:** A central level body can be created under the ambit of Ministry of Tourism which includes representatives from the Government and private sector. The private sector representatives should include experts from different tourism segment, including traditional and emerging, so as to incorporate specific inputs for thematic development. The body should also include representatives from other ministries such as Ministry of Shipping; Ministry of Environment, Forest & Climate Change, etc. for greater coordination. The advisory council will provide inputs for policy level decision making and also be approving authority for large scale projects.
- **Incentivize Private Sector Participation:** Government should incentivize private players to invest in un-served/ under-served tourism projects. Further, a different incentive structure can be adopted for sustainable development of the lesser explored destinations. For instance, interest subvention scheme can be introduced for small tourism projects like community homestays, RO-RO and boat operators.
- **Greater Coordination at State Level:** There is a need for focused initiatives towards prioritizing Tourism sector across all levels of Government. While the Centre needs to finalize the National Tourism Policy, States will remain the driving force behind implementation of tourism developmental initiatives in their respective regions. It is therefore important for states to have greater coordination between policy-roadmap-budget for effective implementation and timely completion of initiatives.



- **Leveraging Social Media to Boost Inbound Tourism:** Social media should be leveraged to promote highly customized content based on user behaviour. Social media influencers, particularly travel bloggers on Instagram, have huge following. An annual conclave of such influencers can be organized in India along with personalized tours for them to promote India's tourist destinations through their channels. Content proliferation through such influencers will reach to a large and targeted segment of potential travellers.
- **Technology Penetration in Tourism Sector:** Technologies such as Big Data Analytics and Artificial Intelligence should be employed to deliver insights into consumer behaviour, spending pattern, duration of stay, preferred destinations according to region/ country of origin/ age group, etc. These insights should be used to curate targeted promotion & publicity campaigns. Further, creation of a cashless ecosystem for tourists and technologies like Augmented Reality (AR) and Virtual Reality (VR), Internet of Things (IoT), wearable devices for tourists etc. can be utilized to enhance service quality and delivery leading to enhanced tourist experience, effective promotion and increased sense of security among tourists.
- **Combined VISA Option:** India is largely a long-duration destination for foreign travellers. Tourist destinations with good air connectivity may be promoted as short-haul destinations. Further, India can work with other member countries of BIMSTEC, SAARC and ASEAN to offer 'Combined Visa'. Such visa will result in conversion of stopovers to short-haul visits and will also add India on itinerary of tourists on long visits to the South Asian region.
- **Focus on North East India:** With the implementation of RCS (Regional Connectivity Scheme) UDAN scheme, air connectivity in North East has received much needed boost. Except for Guwahati, the hospitality industry in rest of North East is largely dominated by local players with smaller inventories and limited variety of product offerings. Thus, there is an urgent need to focus towards development of quality accommodation infrastructure across the region to unlock the true potential of North East.

7. Major Challenges in Tourism Sector in India

- ❖ **A cumbersome process for Visa facility:** Many visitors in India find the e-visa facility, the process of applying for a visa as a cumbersome one.
- ❖ **Limited entry on e-Visa:** Limited number of repeat visits allowed under medical e-visa and number of accompanying persons. All the three conditions given above, affects the entry process of tourists to the country, hampering the tourism sector in India.
- ❖ **Infrastructure and connectivity:** Deficiencies in infrastructure like sanitation, living facilities, hotels, etc., and inadequate connectivity hamper tourist visits to heritage sites.
- ❖ **Advertisement and marketing:** A low degree of marketing strategy is a major concern for tourist places. Also, the campaigns for the places are poorly managed. All these things affect the tourism industry of the region.



- ❖ **Safety:** Tourists have frequently been mugged and robbed or cheated in India and also have returned without any justice.
- ❖ **Sanitation and health:** Lack of sanitation in cities has caused a negative impact on Indian food and public health care.
- ❖ **Access:** Certain areas of India still lack electricity, access, and proper rest houses. Even access to information to domestic and foreign tourists is not at ease.

8. Conclusion

Tourism not only creates jobs in the tertiary sector, it also encourages growth in the primary and secondary sectors of industry. Hence, it is high time, the government should encourage the participation of the private sector in a big way for the all round development of the tourism sector that has the potential to act as the key driver of inclusive growth. 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.

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