TOURISM IN INDIA: DYNAMICS OF INNOVATION AND DEVELOPMENT

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Abstract

Tourism in India is one of the burgeoning sectors of the economy. Incredible India campaign, ICT specialised products in medical tourism etc have contributed to its modern growth. Besides being a big foreign exchange earner, it has promises and hopes in other macro variables such as investment and employment. However, the sector ails from long-standing problems of inadequate infrastructure as well emerging problems in handling alternative tourism and ensuring sustainable tourism. In contrast to the radical innovations vital to growth in manufacturing sectors, innovations in services and tourism were secondary, and capital-scarce, and for this reason, they were excluded from the scope of government interest and action. It is interesting to note that the discourse changed with the emergence of new information and communication technologies, which have been especially influential in the realm of tourism. The dissemination of new modes of production and the resulting organisational shock waves, along with the marketing adjustments this has entailed, has been the subject of much research. Yet the issues involved in innovation in tourism are not confined to the information. We call for big and firm steps to improve the internal dynamics of tourism sector with thrust on ‘innovation’: pushing firms to adopt a proactive attitude towards innovation, notably to an ambitious shift from simple technology watch to economic intelligence. This paper not only traces the progress and position of India’s tourism sector, but also analyses the dilemmas in terms of environment, empowerment, affordability, accessibility, ethics and equity. Keeping in view the rich heritage as well as the prospects of high potential for hotspot tourism, the paper explores what new polices and products can do for enhancing the capacity to face constraints and challenges. It argues that the providers need to go beyond “attractions” and look at supplements and complements too. It also analyses the call for teachers, researchers and policy-makers to address and assess contemporary trends – climate change for example – and critical turns. The emphasis is on “boosting tourism and balancing hospitality” with productive roles played by public and private sector as synergistic stakeholders.
Keywords: India, jobs, PPT, Travel & Tourism, WTTC

“God’s earth in all its fullness and beauty is for the people” – Thomas Cook.

“Thinking is the best way to travel” – Anon.

Introduction

Tourism comprises the activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and purposes other than being employed in the place visited. This activity of visitors refers both to non-residents, residents travelling in the country of residence and abroad for tourism purposes (leisure and others) and it is conceptualised as inbound, domestic and outbound tourism, respectively (WTO, n.d.). Tourism offers not only special benefits concerning the reconstruction of national economies having high touristic potential, but is also counterbalanced with the industry’s vulnerability regarding safety and security issues etc. (Gruescu, et.al. 2009). We cannot ignore today issue of environmentalism and extremism too (Pillai, 2014).

Mostly a “365 days year activity”, tourism is a perennial service. 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, ICT etc., the potential and performance of India’s tourism industry needs to be gauged in terms of its socioeconomic magnitudes. India’s tourism industry that progressed slowly in the planning era is now growing with much impact on the economy as well as emerging issues (like alternative tourism and challenges posed by GATS. Like every other business, even tourism has had to address the problems posed by the global financial crisis too. Our tourism industry has immense potential to sustain the growing demand provided the potential transforms to quality tourism products/services. Worthily on account of its phenomenal socioeconomic magnitudes and prospects, tourism has also become the subject of scholarly interest (Jayasheela, Hans and Biradar, 2006). Even the campaigns like “incredible India”, “Make in India”, and “Swacch Bharath Abhiyaan” are more than a challenge to hospitality
and tourism in India. We, therefore, have to look at the dynamics of innovation for sustainable tourism and economic development.

Tourism Growth and Economic Development

Tourism’s economic benefits are touted by the industry for various reasons. Business community, government and the public have recognised these benefits, giving the industry greater respect (Raheem, Sambasivam and Krishnamurthy, 2011). The benefits and emphasis have ranged from recreation to revenue and from pleasure to wellness. Tourism development is both a response to economic growth and a contributor to economic development. The non-monetary benefits accruing from special products like eco-tourism should be weighed properly. Similarly, the negative externalities like damage/loss of public goods and common property resources also need to be assessed adequately. Tourism after all, is an environment-sensitive fragile sector (Mukhopadyay, 2007). WTTC’s latest Economic Impact Research shows that growth in world Travel & Tourism was robust in 2012 despite many economic challenges (WTTC, n.d.). David Scosill, President, WTTC writes, “In 2013, Travel & Tourism’s total contribution to the global economy rose to 9.5% of global GDP (US $7 trillion), not only outpacing the wider economy, but also growing faster than other significant sectors such as financial and business services, transport and manufacturing. In total, Travel & Tourism supported nearly 266 million jobs in 2013 i.e. 1 in 11 of all jobs in the world. The sustained demand for Travel & Tourism, together with its ability to generate high levels of employment continues to prove the importance and value of the sector as a tool for economic development and job creation” (Scowsill, 2014).

The world tourism has grown phenomenally. However, India’s rank is low: in world tourist arrival, it is 53rd and in world tourist receipts, it is 38th. Its rank in relative size in terms of contribution to GDP was 135 (out of 184 countries). Global reach is happening and developing countries like India re also benefitting from the expanse. E-business, intermediation/re-intermediation and virtualisation have given a facelift to tourism as interactivity. In India tourism thrives on history of the country and its cultural heritage and
diversity (Badan and Bhatt, 2007; Bhatia, 2009). The uniqueness of India tourism is thus, a blend of convention and innovation.

The first step towards the planned development of tourist industry in India was taken as early as 1945, when the Government of India set up a committee under the chairmanship of Sir John Sargent. Tourist traffic branch was set up in the Ministry of transport in 1948. The first overseas tourist office came in 1952 the same year in which tourism policy was announced. The “Know India” tourism report came in 1988. The report said that India was capable of earning foreign exchange to the tune of INR50,000 within the turn of the next century. In 1995, we had the “Visit India”, a tourism call/initiative. Subsequently we had “India – a Land for all Seasons”, “Incredible India” “Explore India Millennium Year” and other campaigns. However, it is equally important to create an “affordable India”, with the co-ordination of central, state and local authorities (Gill, 2005). Tale Raffia, Secretary General United Nations World Tourism Organisation (UNWTO) opines that India can develop tourism as a development goal with government concern and private sector affluence (Dev, 2012).

The number of foreign tourist arrivals to India which was around 2.3 million in 1997, rose to 6.5 million in 2011 and domestic tourist visit from around 15 million to around 750 million. India has not only doubled its tourism promotion budget but has also chosen the indigenous path. Tourism ethics is gradually transforming from ‘leisure’ to ‘experience’, niches involving the local community as a core component of the product. This is ‘involvement’ with and ‘adaptation’ to the traditional lifestyle forming a crucial element of tourist behaviour (TT Bureau, 2012; Bradbury, 2012). Globalisation and modernisation should be taken as positive strokes for managing and marketing tourism –“democratisation of leisure’ is already happening, as in the case of sports and games such as cricket, boating, trekking, underwater swimming etc (Bhatia, 2001). So also is the case with administrative/bureaucracy/ political tourism (e.g. resort politics!)

As is evident from the data by the Department of Tourism, Government of India, and the WTTC despite global and local disturbances (including some threats to peace and security),

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tourism is a vibrant sector and has much more to offer to the Indian economy (see BOX 1). It is not only in India that the average growth of tourism export has remained more or less the same (4.2% in 2000-2004, 4.0% in 2005-2009, and 4.1% in 2010-2014), but also in many other countries (example, The Bahamas 67.6%, 66.8% and 65.7% in the same periods). However, in some countries it has been increasing (example, Sri Lanka: 9.4% to 10.4% and further to 12.9%). More research is needed to decipher the trends and factors.

**BOX 1: World Tourism and India’s Potential & Performance**

- Tourism tax revenue is phenomenal (tax paid by tourists) in India is highest in the world, observes World Travel & Tourism Council. Hotels in India tax around 40% to their customers while in other Asian countries it is around 6%. Beverages in Karnataka have sales tax not less than 65%, while in West Bengal it is around 23%
- India’s tourism exports from 2005-2009 till 2010-2014 has been around 4%
- Tourism exports were expected to grow at more than 11% per annum in 2011. Visitor exports generated INR1,110.9bn (4.1% of total exports) in 2013. This is forecast to grow by 2.9% in 2014, and grow by 4.3% pa, from 2014-2024, to INR1,745.8bn in 2024 (2.1% of total exports)
- The total contribution from Travel & Tourism (T&T) to the world GDP grew by 3.0% in 2012. This was faster than the growth of the world economy as whole (2.3%)
- Tourism’s direct contribution to GDP in 2012 was US$2.1 trillion and the industry directly supported 101 million jobs
- Taking account of its direct, indirect and induced impacts, T&T’s total contribution in 2012 was US$6.6 trillion in GDP, 260 million jobs, US$760 billion in investment and US$1.2 trillion in exports. This contribution represented 9.3% of global GDP, 1 in 11 jobs, 5% of investment and 5% of exports
- Global T&T’s contribution to direct GDP in 2013 was forecast to grow by 3.1% and to outpace growth of the total global economy (2.4%) in 2013. Longer-term prospects are even more positive with annual growth forecast to be 4.4% per year over the ten years to 2022
- In India, direct contribution of T&T to GDP was INR1,570.5 billion in 2011, INR1,919.7 billion in 2012, and INR2,178.1bn in 2013 (i.e. 2.0% of GDP). This was forecast to rise by 8.1% per annum to reach INR3,414.8 billion in 2021 (2011 constant prices and further to INR4,346.4bn (2.1% of total GDP) in 2024). This primarily reflects the economic activity
generated by industries such as hotels, travel agents, airlines and other passenger transportation services (excluding commuter services)

- Tourist Arrivals in India averaged 389711.85 from 2000 until 2014, reaching an all time high of 800000 in December of 2013. In Nov 2014 the figure was 750000
- India’s T&T supported directly 24931,000 jobs (i.e. 5.0% of total employment) in 2011, and 22,320,000 jobs (4.9% of total employment) in 2013, and is expected to rise by 2.0% per annum to 30,439,000 (i.e. 5.2% of total employment) in 2021

Opportunities and Challenges: Public vs. Private

In this highly interdependent world, with the upsurge in tourist activities, both government and private sectors have work-full on hand; a win-win-situation is at their disposal. On an average the growth rate of tourism trade during the globalisation era was an impressive 24.23%, while that of business trade was a meager 8.81%. The increased spending by tourists has generated substantial income earnings for both public and private sectors. It augurs well for the tourism industry when income from tourism tends to increase at a higher rate than merchandise export. The income flow has a multiplier effect on the macro economy. It is simple economics that “one man’s spending is another man’s income”. Costs borne by tourists on food, accommodation, travel and also on amusements in parks, clubs plus taxes have all contributed to the national income stream. The employment, investment, and taxes from manufacturing and transport services, banking, basic infrastructure are all enhancing tourism’s potential and performance (Jayasheela and Hans, 2008).

Union Budget 2014 has given a “Rs 1000-crore thrust” to develop tourism in India – making it a more attractive tourism destination is being seen as a window to draw more foreign tourists and foreign exchange, besides enhancing air connectivity and development of heritage and spiritual sites within the country. The Finance Minister Shri Arun Jaitley has said that Goa will get a convention centre, while a PPP Metro project will be developed in
Ahmedabad and Lucknow. Nine airports in India will also get e-visa facilities to promote inbound tourism (Rathore, 2014).

**Suggestions and Conclusion**

A roadmap for India’s tourism development must include –

- Long term policy for tourism with action measures
- Bold measures for transport and tourism development
- Strong incentive based measures for market and product promotion
- Moulding tourist behaviour
- Tourist risk management made effective
- Training tourism entrepreneurs
- More involvement of communities, protecting tribal interests for example, Community Trust Tourism
- Eco tourism along with conservation; support agrarian models
- Developing untapped/less tapped potential as in the case of North and North-eastern regions of India – make the most of the country’s topography
- Conserving traditions and values, integrating tourism with national and social integration
- Close collaboration between educational institutions and T&T organisations for better knowledge, training, targeting and accessibility and making the tourism sector mature and not mere attractive
- Growing social infrastructure – need to integrate tourism with societal values (thrust on peace and harmony); and social and national integration

From the traditional concept of “Athithi Devobhava” (The guest is God) to the modern slogan of “Incredible India”, India’s tourism parampara (tradition) has come a long way. It is time now to have a fresh look at this sector in the light of impact and implications of GATS and the burgeoning service sector of the country (Jayasheela and Hans, 2007). Tourism’s uniqueness should be clearly understood. Our preparedness for new challenges can be tested by growth coupled with quality changes. Tourists’ safety and eco-balance must
receive priority in tourism management. The thrust is on “boosting tourism and balancing hospitality” with productive roles played by public and private sectors as synergistic stakeholders.

When international tourism dwindles, India must strengthen even domestic tourism. Apart from site-seeing and leisure-pleasure activities, tourism’s potential can also be tapped when we have researchers coming from across disciplines and programmes like anthropology, oceanography, climate change, disaster management and so on. While we focus on some new thinking and initiatives on public private partnership processes in tourism promotion and development, with reference to India we must also study the nature of collaboration of the public-private partnership (PPT) type in general and that of tourism sector in particular. We must analyse the nature and impact of such collaboration on tourism planning, marketing and management. The tourism sector is a vibrant and fast growing sector, post globalisation. It has both pervading and penetrating effects and learning and earning. The processes of economic reforms, private participation in infrastructure development and foreign investments have made tourism industry a major source of invisible earnings. However, with the emergence of the new options like PPP, there are several issues that need to be addressed in terms of focusing, funding and fielding tourism products/services, even with regards to local and alternative tourism. We must compare with cases from outside India too to know how much has PPP model succeeded in balancing legitimacy and building effectiveness in the vital service activity viz., tourism.

References


