



## OPPORTUNITIES AND CHALLENGES OF INDIAN TOURISM INDUSTRY

**Daravath Roopsingh**

*Department of Tourism Management, Kakatiya University, Warangal, Telangana.*

### **Abstract**

*Tourism industry is fast growing industry in India and it has vast potential for generating income, employment and foreign exchange besides giving an impetus to the country's overall economic and social development. The industry of tourism economically is a relatively new terminology in international trade. At the present time, tourism in every country is considered one of the most important sources of outside currency earnings. This industry as an economic, social and cultural activity has become very important for the development of countries. Tourism is a phenomenon that, if properly planned, can lead to improved production, improvement in living standards, and welfare of public and employment of many factors such as labor, capital, and land. At present, tourism sector is the world's largest service sector in terms of revenue-making, so that its growth will bring about great social and also economic changes. It has a great potential to give the diversification. The main objective of the present study is to study the growth of tourism industry in development of Indian economy by analyzing the employment generation by tourism industry and the infrastructure development regarding to tourism in India.*

**Keywords:** *Employment, Infrastructure, Transportation, Tourism Industry. Opportunities, Challenges.*

### **Introduction**

Tourism is the most important industry in the service sector of the Indian economy. It is one of the world's fastest growing industry and it can play role in accelerating the economic development of the country is widely recognized. It has generated a number of social and economic benefits, promotes national integration and international understanding, and creates employment opportunities to a large number of people and foreign exchange earnings. Tourism also supports local handicrafts and cultural activities for many developing countries, particularly the small country. They are mainly dependent upon tourism; this tourism offers a more reliable source of income. Number of factors, such as, population growth, shorter working days, larger paid holidays, increase in general awareness among people for traveling the need for recuperation from tensions of modern life, have created favorable conditions for the growth of tourism. So this industry has registered a tremendous growth all over the world during the last few years.

Over the years, tourism has emerged as a major segment of the Indian economy, contributing substantially to the foreign exchange earnings and creating large-scale employment opportunities. Various aspects of the development of tourism in our country are briefly reviewed below. The Travel & Tourism Competitiveness Report 2011 ranked the price competitiveness of India's tourism sector 28th out of 139 countries. It mentions that India has quite good air transport (ranked 39th), particularly given the country's stage of development, and reasonable ground transport infrastructure (ranked 43rd). Some other aspects of its tourism infrastructure remain somewhat underdeveloped however. The nation has very few hotel rooms per capita by international comparison and low ATM penetration. The Indian government has identified a shortage of 150,000 hotel rooms, with most of the undersupply in the budget sector. India has rich history and its cultural and geographical diversity that makes it international tourism appeal large and diverse. It presents heritage and cultural tourism along with



medical, business and sports tourism. The incredible progress in the field of industries and other productive activities directly led to economic and social progress, greater progress, higher real income, longer leisure times, and increasingly cheaper and varied tourist plant facilities. The spread of education has created cultural awareness and has stimulated desire to travel. The progress achieved led extensively to the development of modern tourism by considerably minimizing the time and space. In fact, world has now transformed into a ‘close neighborhood’ where one can reach any place in a matter of hours.

The tourism policy, of India recently revised and redesigned by the Government of India includes the long vision statement to promote balanced and sustainable tourism which enables socio-economic development and to establish Madhya Pradesh as a destination that provides a complete tourism experience. Set up an institutional mechanism to promote private investment. Set up an effective regulatory mechanism for sustainable tourism. Provide reception, assistance, information, amenities, hygiene, security and infrastructure for the tourists. Adopt the principle of “First Conservation Later Tourism” for Cultural Heritage. Make eco-tourism an effective tool to sensitize masses regarding environmental conservation. Ensure active and coordinated participation of Government departments, voluntary organizations, community and all other stakeholders of tourism sector.

The Tourism sector of Indian economy is at present experiencing a huge growth. The Tourism sector of Indian economy has become one of the major industrial sectors under the Indian economy. The tourism industry earns foreign exchanges worth ` 21,828 crore. Previous year the growth rate of the tourism sector of Indian economy was recorded as 17.3%.

The growth in the tourism industry is due to the rise in the arrival of more and more foreign tourists and the increase in the number of domestic tourists. Tourists from Africa, Australia, Latin America, Europe, Southeast Asia, etc are visiting India and there are growing by the thousands every year.

### **Growth of Indian Tourism**

Tourism in country really came of age when the national policy began laying stress on the sector from the third five year plan during which the plan outlay for developing tourism was raised to Rs. 8.00 crores from Rs. 1.58 crores during the second five year plan. Increasing public sector outlays have been allocated to tourism during the successive five-year plans, Rs. 195 crores during the sixth plan and Rs. 345 crores during the seventh plan. The outlay for the eighth plan period has been fixed at a substantially higher level of Rs. 804.10 crores. The plan outlay for the ninth plan developing tourism was raised to Rs. 859 crores from Rs. 798 crores during the eighth five year plan. The plan outlay for the tenth plan developing tourism was raised to Rs.1592.30 crores from a mere Rs. 859 crores during the ninth five year plan. The plan outlay for the eleventh plan developing tourism was raised to Rs. 3644.71 crores from Rs. 1592.30 crores during the tenth five year plan.

India is estimated to contribute 250 Bn USD GDP from Tourism, 137 Mn jobs in the Tourism sector, \$56 Bn in Foreign Exchange Earnings and 25 Mn foreign arrivals are expected to be achieved by 2030.

By 2028, Indian tourism and hospitality is expected to earn \$50.9 Bn as visitor exports compared with \$ 28.9 Bn in 2018. International tourist arrivals are expected to reach 30.5 Mn by 2028

The travel market in India is projected to reach \$125 Bn by FY27 from an estimated \$75 Bn in FY20.



In FY20, tourism sector in India accounted for 39 Mn jobs, which was 8.0% of the total employment in the country. By 2029, it is expected to account for about 53 Mn jobs.

It is estimated that outbound trips from India will touch 29 Mn by 2025 and cross the \$24 Bn mark by 2024.

Over the last 8.5 years, India has built extensive tourism infrastructure worth approximately \$1 Bn (INR 7,000 Cr) to improve tourist experience.

The Indian Tourism Statistics 2022 report reveals India receiving 677.63 million domestic tourist visits in 2021. The percentage has increased by 11.05% from 610.22 in 2020. The top states in terms of domestic visits were Tamil Nadu at 115.33 million, Uttar Pradesh at 109.70 million, Andhra Pradesh at 93.27 million and Karnataka at 81.33 million. It's interesting to note that the dynamics of travel around the world now appear entirely different from how they did before two extremely chaotic and passive years. 2021 saw the beginning of the recovery for the country's tourism sector, with maximum countries contributing to Foreign Tourist Arrivals (FTAs) numbers in India. Total FTAs in India surged by 406.6% to 2,764,975 from January-July 2022 compared to the previous year. During this period, the US was the top contributor to FTAs in India, at 25.88%, followed by Bangladesh (18.61%), the UK (10.99%) and Australia (5.16%); the US was among the top 15 source nations. The survey discovers that wanderlust abounds with a strong desire to seize the experiences that travel offers in the post-Covid climate. Taj Mahal became the most-visited ticketed ASI Site for Domestic tourists in FY 21-23, followed by the Red Fort and the Qutub Minar, which received the second and third most visitors. The sharp rise in FTAs is a result of many driving forces that include the COVID-19 Vaccination campaign, the 'Heal in India' and 'Heal by India' campaigns announced by the Indian Government in May 2022, and several other infrastructural measures.

### **Transport Facilities**

A fine knit and synchronized system of transport plays a significant role in the continued economic growth of the country. The current transport system of the country comprises of numerous modes of transport including rail, road, air transport etc. Tourism industry is also affected by the performance of these services heavy road taxes are the great threat to the tourism industry. Airports are the main infrastructure provision that a country has to present to the international tourists. It would be astonishing to note that prominent tourist's destinations like Jaipur and Goa do not have an international airport. Foreign guests, who constitute more than 60% of the tourists destined for these cities, presently have to travel via Mumbai, unless they are ready to charter a flight. This makes things burdensome and time consuming, thus disappointing many time aware tourists from visiting these places. Similar is the case of cities like Agra, Udaipur and Varanasi where foreign tourists account for approximately 50% of the total tourists arrival.

### **Poor Infrastructure**

The infrastructure has been a foremost reason why the international tourist has been skipping the country. Belated or nonappearance of connectivity to diverse locations, lack of appropriate accommodation facilities, bad roads and no communication amenities are some of the factors that are stopping people from visiting many places. Unless the infrastructure is properly developed, a large majority of tourists will give the country a skip. Again this is linked to the above restricted access. The lack of a Government that is practical. Unless the government sanctions the infrastructure projects there will be no improvements in the state of affairs. A very recent example that has been in the news is the



airport project in Bangalore. Although the plan has been lying with the government for three years, still now it has not been implemented. There is an acute lack of appropriate accommodation facilities for the tourist. So more hotels have to be built. Even currently there are some places that are not properly connected by even good and traversable roads. These also need to be developed.

### **Government Policies Regarding Tourism Industry**

One of the most obvious reasons that the study has brought out is the lacuna in the Government's policies towards the industry. The Government is the most important player in this industry and all the other players have to follow the guide taken by it. However, the actions of the government have not been practical. Rather it has been late in increasing to the prospect that the tourism industry offers. There are not adequate incentives been offered to the other players like Hotels and the travel agencies? There are no incentives for the hospitality industry to set up shop in area, as is the case with other industries. The government should be taking the lead and attracting the industry to places that have enormous tourist prospective but have still not completely developed. Incentives like tax holiday or a condensed rate of duties would go a long way in the encouragement of the places.

### **Opportunities and Challenges**

India is very diverse and has been a culturally rich country. Many invaders came to India, and they not only left the magnificent monuments but also left their culture here. Nowadays every state has its own culture, and every state celebrates its festivals.

Many people from all over the country are attracted to India because of its scenic beauty which spreads from Kashmir in the North to Kanyakumari in the South and Arunachal Pradesh in the East to Gujrat in the West, and multiculturalism. For e.g. besides Imambara is the not only monument in Lucknow but also, there are many restaurants where Nawabi cuisine is well – served, and it is also famous for its Chikan Embroidery work.

**Lack of Infrastructure** – It is a major challenge for the Indian tourism sector. This includes hotels, connectivity with other cities, health facilities, and transportation etc. The major reason for this unconcern is a poor allocation of money in the budget.

**Safety and Security** – Safety & security of tourists is the most important factor which governs whether people will come to that destination or not. Attacks on foreign tourists, especially on the woman tourists have raised this question. India is placed at 114th position in terms of safety. The tourism sector should become strict and should pass laws against those criminals who cheat the innocent tourists.

**Inaccessibility** – There are many tourist destinations in the country, which are not accessible to poor, women and elderly because of the high cost of transportation, poor connectivity with cities and around 2% of the tourist cannot access many of the tourist spots in the country.

### **Conclusion**

Indian tourism industry needs enhancement in terms of behaviour, honesty. Foremost influential factor like politeness, humility, willingness to help and accept people has promoted their tourism. The above behavioural traits have to be strengthened and toughened in India. Indian Tourism Industry is grossly underutilized or unexploited in case of Tourism development where the Government both Centre & State may come out with a progressive policy on Tourism which helps to generate Infrastructure



through the inflow of tourist to diverse regions to India. The Government should give sops like Tax holiday, Special packages to such areas. The Governments must step in the role of supervisor, facilitator in order to support private investment in it. A Task force needs to be made which has members from tour operators & concerned Ministries which come out with holistic and reasonable approach to gauge this opportunity of rolling tourism Industry in the present time. The foregoing review of the tourism industry in India leads us to the conclusion that although substantial growth has been recorded by it in our country, there is a great potential, which could not be exploited on account of inadequate infrastructure facilities. Hence, there is an imperative need for further improving the country's tourism infrastructure including accommodation, transport, and information and communication facilities.

Tourism is a product-cum service that requires continuous trimming, moderation and updating in a fiercely competitive international environment. Effective marketing is the key to the problems of development of tourism for which a detailed analysis of the market profiles of India's main tourism generating regions is required. Aggressive marketing will have to be taken up in the existing tourism generating markets abroad as well as to explore new markets. Simultaneously, all-out efforts should be made for the development of the domestic tourism, which would serve as a sound ground for the growth of foreign tourism. Proper cooperation and coordination between the public and the private sector is a must for the future growth of tourism in the country. Further, there is a need for greater coordination among the adjoining states having tourist places of international significance. It could be in terms of inter-state tours with the help of common fleet of all India permit luxury buses. Following data previous information about development of tourism consider legal structure of the country. It was not enough; government has to do more things for the growth of the Indian Tourism.

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