

## **Scenario in India for Hospitality and Tourism in 2020.**

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### **Introduction:**

Tourism has been a major social phenomenon of societies all over the world. It is driven by the natural urge of every human being for new experiences, and the desire to be both educated and entertained. The basic human thirst for new experience and knowledge has become stronger, as communication barriers are getting overcome by technological advances. People are ready to venture beyond the boundaries in search of unexplored destinations. This has fuelled the growth of tourism industry.

From a tourist point of view any destination in tourism is a tourism product. It can be a place, a fair, a cultural event, a heritage site and so on.

It is a very peculiar thing in regards to hospitality industry that, what the industry considers as a service is perceived as a product by the customer. As service and product attributes are different there are different perceptions of industry and customer about the same issue in the question that is tourism. Hence a service provider, an investor or a major player in tourism ( government ), each one has to take into consideration the perception of a customer in this industry more than any other industry. Considering the huge potential of tourism in India no government at state or national level can ignore the importance of tourism in its planning . It is eventual that planning at any level basically deals with allocation of resources to its optimum. If we consider merely the budgeted amounts in various plans by center or state governments, it's the evidence of importance the government is giving to tourism for past one decade.

" For example the central government has allotted an outlay of Rs. **3162.65** crores in the th Five Year Plan and has invested an amount of Rs. **5156** crores in promotion, marketing (which includes drawing 20 years market plan for tourism) and tourism circuit development"<sup>(1)</sup>

**Expenditure Details of the Schemes of 11th Plan. Annexure III.**

This of course is over and above the direct investment in infrastructure investment by state and central government in tourism and hospitality industry.

Before arriving at the current scenario and proceeding further to gauge the potential and future of the hospitality and tourism industry in India, it is necessary to understand the developments and conditions which has led to the current scenario of tourism industry in India.

### **Hypotheses**

1. The tourism and hospitality industry in India is growing at a rapid pace, but it can suffer a major setback if sound infrastructure development is ignored in future.
2. Niche Tourism products would be dominating the Indian tourism scenario.

### **Review of Earlier Years**

Since her independence India has come a long way in identifying the true potential of tourism in the world. Immediately after independence though there was initial lack of attention, as there were major issues like partition and instability to deal with, but soon India was quick to attract the eyes of the foreign tourists towards its rich cultural heritage as a main attraction. In the dearth of foreign exchange this was a lucrative proposal. More attention was given to develop facilities for foreigners and eventually the prices of all amenities were on the higher side.

Domestic tourism was at the backstage and its potential was unexplored.

By the end of the tenure of IXth Five Year Plan that is by year 2000 India has launched a worldwide tourism campaign through "Incredible India", and the first tourism policy of India in 1992, proclaimed the importance of domestic tourism in the whole tourism scenario. There was a gradual shift from Mass Tourism to Niche and Special Interest Tourism(SIT). Infrastructure and products were not only developed for foreign tourists but also keeping in view the domestic tourists.

**Table No 1**

**Domestic and Foreign Tourists Arrivals (1990, 1998,2009)<sup>(2)</sup>**

<b>Year</b>	<b>Domestic Tourists Arrivals</b>	<b>Year</b>	<b>Foreign Tourists Arrivals</b>
1990	64 million	1990	1.70 million
1998	167 million	1998	2.36 million
2009	668 million	2009	5.11 million

By the 10<sup>th</sup> Five Years Plan (2002-2007) it was clear that India is going to require a new perspective to look at the tourism as a major engine for economic growth. A new national Tourism Policy was framed in 2002 which stated that apart from acknowledging the well accepted advantages of developing tourism for the promotion of national integration, international understanding and earning foreign exchange, there is a vast employment generating potential of tourism and that it can play an important role in furthering the socio-economic objectives. It also aimed at generating awareness about the benefits of tourism for the host population. During this plan tenure there was also a phenomenal growth seen in domestic as well as foreign tourist arrivals in India. The number of domestic tourists increased from 269.6 million in 2002 to 650 million in 2009<sup>(3)</sup> tourism statistics of INDIA 2006. The number of foreign tourists visiting India in the span increased from 2.38 million in 2002 to 2.53 million in 2007<sup>(4)</sup>tourism statics of INDIA 2006.

There was also change in the trends of demands and preferences by the tourists. Gradual shift from mass tourism was noticed in this period. Generally people were aware about what precisely they want when they travel. Tourism was not only viewed as a luxury gateway but it was also associated with nurturing once interests, following unbeaten paths and search something new and exciting.

Techno savvy, global travelers was a new gene, demanding more satisfaction and value for money. The line between a product and a service for client was becoming thinner as more aspects were attached to services to make them more tangible. Many tourism destinations were marketed as brands in themselves like products. E.g.: Branding of Thailand as sand and sea destination. India in the same period started branding itself as " Incredible India ", to attract

more foreign tourists. Investment in infrastructure was planned keeping in mind domestic as well as foreign tourists. Strategic marketing plan was drawn to attract more tourists.

The result of which surely reflected in the tenure of next five years plan.

### **Review of the Current Situation**

The tenure of the 11<sup>th</sup> Five Year Plan (2007-2012) has been an era of growth for tourism and hospitality industry. Growth in foreign tourist visiting India was observed. The number soared from 5.28 million in 2008 to 6.29 in 2011. The increase in the domestic tourism was seen from 563 million to 1036 million tourists in 2012.

It was realised that the **infrastructure development** holds the key to India's sustained growth in the tourism sector. Therefore, the Ministry of Tourism has made efforts to develop quality tourism infrastructure at tourist destinations and circuits.

During the 11th Five Year Plan, (till 31st December, 2011) Ministry of Tourism has sanctioned 1165 projects for an amount of Rs. 3872.67 crore for Tourism Infrastructure development. While prioritizing the projects, emphasis is given to the projects involving construction and upkeep of wayside amenities along Highways/Roads leading to tourist destinations, cleanliness at tourism sites and projects in backward areas. Considering the growing number of tourists there was a tremendous need of trained manpower in all sectors of hospitality and tourism industry. New training institutes were granted permission to cater to these needs. New hotel projects were cleared to absorb growing number of tourists and investment in building roads, airports and sea ports was made.

New products in tourism were introduced in the form of **Niche Products**. The Ministry of Tourism has taken the initiative of identifying, diversifying, developing and promoting the nascent/upcoming niche products of the tourism industry. This was done in order to overcome the aspect of 'seasonality' to promote India as a 365 days destination, attract tourists with specific interests and to ensure repeat visits for the products in which India has comparative advantage. Following were the products identified as Niche Products: Cruise Tourism, Adventure Tourism, Medical Tourism, MICE, and Film Tourism.

The concept of **Sustainable Tourism** was emphasized in all projects, including hotels. Hotels were encouraged to include green practices in their routine and Eco Tourism was in big time

promotion. This raised awareness amongst the tourists about the environment and an attempt was made to make them more responsible tourists.

**New tourist segments** were identified and efforts were made to satisfy their demands. It was identified that a large segment of Indian travelers are senior citizens. They have money and time in hand, but they were hesitant to travel as it was not convenient. In an effort to tap the potential of this group of tourists in the country, the Ministry of Tourism has taken an initiative to make tourist destinations barrier-free. Guidelines were issued to states for making the tourist-facilities, which are being created with central financial assistance. Also efforts were made to create a barrier free tourism for differently able persons, to travel with ease.

India was to be projected as tourist friendly and safe place for FITs as well as domestic tourists. Hence a campaign of "**Safe and Honorable Tourism**" was introduced from July 2010. It implied mandatory code of conduct for all tourism players to follow for the safety and security of the tourists.

A systematic branding and marketing campaign was launched at national as well as international level to promote India as tourist hub. Both domestic as well as foreign tourists were aimed at in the campaign. To cite a few campaigns in the effort are : Social Awareness Campaigns were released on leading Television channels in June, September and October 2011 on National television for promoting domestic tourism. Whereas incredible India campaign was promoted through ICC Cricket World Cup 2011, Pacific Asia Travel Association (PATA) Travel Mart 2011.

As a combined efforts from all the factors, the revenue generation has gradually gone up. FEE from tourism, in Rupee terms, during 2011, were Rs. 77591 crore, with a growth of 19.6 %, as compared to the FEE of Rs.64889 crore during 2010. Though the rate of growth of FEE from tourism in India has witnessed a decline in 11th Plan period as compared to 10th Plan period, India's share in world tourism receipts has improved from 1.16% in 2006 to 1.54% in 2010. There is noteworthy improvement in India's ranking in world tourism receipts from 22nd position in 2006 to 16th in 2010.

Despite the not-so-favourable global environment during the 11th Plan period, the concerted efforts of the Ministry and the Indian tourism industry had yielded modest dividends. There was little room for complacency, especially in view of the fact that many other overseas destinations

and countries are competing against India in attracting more foreign tourists. Hence, a more focused and targeted strategy was needed to take Indian tourism higher up the value chain. With the 11<sup>th</sup> Five Year Plan ending in 2011-12, the Planning Commission initiated the process of formulation of the 12th Five Year Plan for the period 2012-13 to 2016-17. The Planning Commission set up a Working Group on Tourism (WGT) under the chairmanship of Secretary (Tourism) to inter alia recommend strategies for tourism development during the 12th Plan.

### **Future of Hospitality and Tourism Industry**

During 11th Five Year Plan efforts were made to harness the full potential of the tourism sectors by improving the tourism infrastructure, popularizing further the Incredible India Campaigns in foreign countries, promoting niche products such as MICE, Health and Wellness, Adventure Tourism etc. However, strategies followed during the 11th Plan may have to be suitably recalibrated to take care of the challenges from the competing countries and to harness the full potential of Indian tourism.

### **Importance of tourism industry for future:**

Along with construction, Tourism is one of the largest sectors of the service industry In India. It is capable of providing employment to a wide spectrum of job seekers from the unskilled to the specialized, even in the remote parts of the country. Compared to other modern sectors, a higher proportion of tourism benefits (jobs, petty trade opportunities) accrue to women. Hence, growth of the tourism sector is more inclusive than other sectors.

Tourism and Hospitality is a diverse industry, being a collection of activities, comprising transportation, accommodation, eating & drinking establishments, retail shops, entertainment businesses and other hospitality services provided to individuals or groups travelling away from home for leisure, business or other purposes. The broad scope of economic activities involved in tourism enables wide participation in its growth, including the participation of the informal sector.

Furthermore, tourism is highly dependent upon natural capital (e.g. forest, wildlife) and culture. These are assets that some of the poor have, even if they have no financial resources.

In 1992, the 'Earth Summit' in Rio established the triple principles of environmental, economic and social sustainability. Since then, the principles of sustainable tourism have been adopted by

the tourism industry worldwide. In India, the tourism sector is based on exploiting its unique endowments of biodiversity, forests, rivers, and its rich culture and heritage. The challenges in this sector lie in successfully preserving these in their original form, and making them accessible to domestic and international travelers. Tourism in India has the potential to create economic interest of local communities in the protection of its natural and cultural endowments leading to a more sustainable growth.

### **Obstacles in the way:**

The realization of the country's huge, barely tapped, tourism potential is contingent upon simultaneously addressing the multiple challenges thrown up by capacity constraints and inadequate policies. These constraints include inadequate transportation infrastructure; accommodation; land; multiple taxes and an overall high tax burden; inadequate financial resources for enterprises; skills; safety and hygiene conditions around tourist attractions; and convergence of actions by multiple agencies. The challenges are further magnified in the context of a federal structure where the responsibilities for policy making and implementation is fragmented across levels of government and co-ordination between them is often lacking.

### **Path towards progressing to 2020:**

Tourism development should focus on developing tourism from people's perspective by involving local Panchayats and local communities at various stages. This will help in understanding the social, cultural, and environmental impacts of tourism projects on local communities enabling the development of tourism in a sustainable manner.

As Tourism Sector is one of the major component of the service sector in India, its growth targets has to be linked to the targeted growth of service sector." Indian economy is expected to grow at the rate of 9%. To achieve this, services sector as well as the tourism sector has to grow at the rate of 12 % per annum. The current rate of growth in tourism sector is about 9 %."(4) **assessment report of tourism 2012**. For improving the growth in tourism sector, persistent and concerted efforts have to be made.

To realize the above, following targets have been fixed for Foreign Tourist Arrivals (FTAs) and Domestic Tourism.

a) Increase India's share of International Tourist arrivals to at least 1 % by end of

2016 - requiring an annual growth of 12.38% during 2011- 2016.

b) Provide adequate facilities for domestic tourism to sustain the growth of 12.16% (witnessed in recent years) during 2011 to 2016.

### **The targets**

#### **(i) Foreign Tourist Arrivals**

Number of FTAs in 2016 are estimated to be 11.24 million. Number of Foreign Tourist Visits (FTVs) in 2016 will be 35.96 million.

#### **(ii) Domestic Tourism**

Number of Domestic Tourist Visits (DTV's) in 2016 are estimated to be 1451.46 million.

#### **(iii) Additional Foreign Exchange Earnings from tourism**

The Foreign Exchange Earnings from Tourism will increase from Rs. 64889 crore (US\$ 14.19 Billion) in 2010 to Rs. 134383 crore (US\$ 30.3 Billion) in 2016. Additional FEE from Tourism during 2010-16 are estimated to be Rs. 69494 crore (US\$ 15.7 Billion).

#### **(iv) Employment Generation**

Using the data on share of tourism in the total jobs in the country available from Tourism Satellite Accounts (TSA) for 2002-03 and estimated till years 2007-08, the total number of jobs (direct and indirect) in the tourism sector in 2016 are estimated to be 77.5 million as compared to 53 million in 2010. Therefore, an additional employment of 24.5 million (direct and indirect) is likely to be created during in 2010 to 2016.

### **Manpower Requirement in Hospitality Sector**

As per the study commissioned by Ministry of Tourism, the total employment in Hospitality Sector (Hotels- classified and unclassified, eating outlets, Tour Operators, Travel Agents and Medical & Wellness units) in selected years are estimated to be as follows:-



**Table No 2**  
**Employment (lakhs) in selected years**

Year	Employment (Lakhs)
2011-12	43.84
2012-13	47.26
2016-17	63.79

By taking into account the wastage (Retirement and Attrition to sectors other than Hospitality) and requirement of trainers, total requirement for manpower has been worked out. Similarly, by taking into account the attrition in the supply (pass outs from Hospitality Education- both youths trained under various programmes of the Ministry of Tourism), total supply has been also assessed. The total requirement, supply and the gaps in selected years are:

**Table No 3**  
**Total requirement, supply and the gaps in selected years**

Year	Requirement (Lakhs)	Supply (Lakhs)	Gaps
2011-12	5.83	0.52	5.32
2012-13	6.26	0.52	5.70
2016-17	8.29	0.75	7.54

Given the huge gap between the requirement and supply of trained manpower in hospitality and tourism sector the MOT has decided to take the following measures like setting up educational institutes for trained manpower and promoting tourism research.

**Accommodation requirement:**

In 2010 the number of classified and unclassified hotel rooms were 2712290 and by 2016 the requirement would go up to 4661807 hotel rooms.

### **Publicity, Promotion and Marketing Strategy**

Publicity, promotion and marketing of the tourism destinations and products of the country would be more focused on attracting foreign tourists as well as increasing the number of visits of domestic tourists. The promotion and marketing in both overseas as well as domestic markets through various different strategies and schemes would be done throughout in key markets.

Developing and promoting new tourism products such as - Golf, Polo, Wellness and Medical, MICE.

### **Strategy for Infrastructure Development:**

1. Outlay plan for various promotion schemes, accommodation and manpower development of Rs. 22,800 crores is put forth against Rs. 5156 in the period of 2007-2008.
2. Major tourist circuits and destinations to be identified, having potential to attract large number of tourists for infrastructure development.eg. Buddhist, Jain, Sikh, Sufi, Christian religious circuits.
3. Unique crafts , ethnic art forms to be developed as tourism products.
4. Integrated development of major tourist circuits.
5. Providing complete tourism experience with various thematic circuits.
6. Increase the quality of livelihood of locals by focusing on infrastructure development like healthcare, security, water supply, hygiene, sanitation, and transport which can be shared by tourists and locals alike.
7. Estimated jobs generation by infrastructure development of Rs.51,360 crores is 68.64 lakhs.

### **Tourism and hospitality industry in India 2020**

The 'Niche' Tourism products identified by the Ministry of Tourism for development and promotion include:. Adventure, Meetings Incentives Conferences and Exhibitions (MICE), Cruise, Medical, Wellness, Golf, Polo, Pilgrimage/spiritual travel, Film, Tea/Coffee, Wild Life , and Caravan tourism in 2020.

## **Trends**

Travel with a purpose : Awareness about purpose of travel. How and why is important. Not only keeping in mind what I need from the holiday, but also what I can give back to destinations and local people. It will be more of a purpose, with not only our own needs in mind but also those of the destinations.

Deep travel : It's about getting under the skin of a place which means a real experience rather than fake projection of a culture, specialty or heritage.

Why towards sustainable development : The increasing number of tourists either domestic or foreign should be distributed in such a way that maximises sustainability. Merely increasing tourist numbers without understanding either the local economic benefits or the true cost of tourism to local cultures of the environment is more harmful. So there will be a change in the way that destinations are presented and marketed to the tourists. It will be kept in mind to maximise economic benefits while keeping the social and environmental costs to a minimum. In short negative impacts such as overcrowding will be reduced and the benefits of tourism will spread more broadly.

According to UNWTO India will lead in Southeast Asia with 8.9 million arrivals by 2020 and it will be the second fastest growing tourism economy in the world.

India is the 9<sup>th</sup> largest aviation market in the world is poised to be 3<sup>rd</sup> biggest by 2020.

### **Conclusions:**

1. India has potential to offer something to all the tourists, domestic or foreign. Tourism in India is growing at a fabulous rate. In just last one decade the number of tourist visits have increased in a phenomenal number. It was 2649378 foreign tourists in the year 2000 and by 2016 it is expected to touch 35.96 million tourists visiting India. In domestic tourist visits front, the growth is much more in percentage. In the year 2000 the domestic visits were 220106911 and in 2016 they are expected to touch 1451.46 million.
2. The increasing number of tourists means more infrastructure required to cope up with the growing demand. It appears that finally the government has taken a leap and decided to invest in the basic infrastructure development for tourism. It is ready to invest in tourism circuit development, manpower development, roads and other basic heavy infrastructure. At the same time it is expecting the private sector to come forward and invest in the development of accommodation sector, eateries, air transport and so on.
3. Man power deficit could really hamper the tourism and hospitality industry and so special stress is given to start institutes training people at all levels : entry level to highly skilled work force in the field. Research in the tourism industry is also promoted to a great extent.
4. As the number of tourists are growing at a tremendous rate one can expect a phenomenon of mass tourism clustering tourists in stereo type destinations. But fortunately the scenario is not so. Learning from its mistakes in the past the government is trying to open up new attractions to distribute the tourism equally in the state.
5. An attempt is made to develop new tourism circuits like Buddhist circuit, Jain circuit, also new forms of tourism like golf tourism, wellness tourism, film tourism, ecotourism are promoted which are located in various parts of the country. It allows the tourism to achieve equilibrium in development.
6. Any new product development in the market is due to the demands from the customers. Same is true with the tourism industry too. The niche product development in tourism is an effect

from demands from the tourists. The tourists in the past would travel for the sand , sea and recreation. But the tourist now is more specific about his needs and would like to pursue a specific interest, hobby or purpose for travel like adventure, wild life, heritage trail etc.

7. This has certainly has an impact on the development pattern. Rather than concentrating on few popular tourist destinations, new and lesser known, off beat destinations could develop. It is a positive change as it tries to take the development on the path of sustainable tourism. This is possible as the tourist mind set is changing.

8. One can expect a future tourist to be more responsible, caring for the needs of the local community, being more inquisitive and sensitive to the environment. The issue of sustainable tourism is a key issue and no future tourism development could go ahead by ignoring it. A trend of responsible tourism is bound to continue in future which will help in maintaining sustainable tourism development.

9. Tourism infrastcture would be built in future taking into considerations needs of the local community and tourists both. The government is investing in infrastcture taking into account this very fact.

10. Currently one can see a major gap in the infrastcture in the form of roads network, shortage of hotel rooms, air lines seats, and wayside amenities. But the government has substantial allocations in its outlays to bridge the gap. It plans the infrastcture development for foreign as well as domestic tourists taking into account their growing number. One can expect India to match with the world tourism giants by 2020.

### **Hypotheses Validation:**

Hypothesis 1: Tourism industry in India is growing at a very fast rate as can be observed by the increase in the figures shown in the tourist arrivals, both domestic and foreign. There are shortages in the infrastructure in the form of hotel rooms, road connectivity and airlines seats. But looking at the outlays allocated to tourism in five years plans and measures taken to encourage private sector investment, it can be said that India would not be on the shortfall of infrastructure by 2020. The government has very well realised the potential of tourism industry in India.

Hypothesis 2: The development of niche products in tourism is emerging as a new trend and it would continue to grow in future. The major reason behind this trend is change in the approach of tourist towards the tourism. Tourism is not only pleasure and relaxing for many of them, it is increasingly becoming a way to pursue ones interests, hobbies and so it is becoming more person specific creating more opportunities for niche tourism to grow. It is also helping in achieving the goal of sustainable tourism.

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