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MAKE IN INDIA: INITIATIVES FOR TOURISM AND HOSPITALITY INDUSTRY

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Abstract:

Tourism is only intangible product in which we manufacture happiness by indulging customer in to touristic activity with the help of Indian resources. Saurabh Dixit*

India is a large market for travel and tourism. It offers a diverse portfolio of niche tourism products - cruises, adventure, medical, wellness, sports, MICE, eco-tourism, film, rural and religious tourism. India has been recognised as a destination for spiritual tourism for domestic and international tourists. The Indian tourism and hospitality industry has emerged as one of the key drivers of growth among the services sector in India. The third-largest sub-segment of the services sector comprising trade, repair services, hotels and restaurants contributed nearly US\$ 187.9 billion or 12.5 per cent to the Gross Domestic Product (GDP) in 2014-15, while growing the fastest at 11.7 per cent Compound Annual Growth Rate (CAGR) over the period 2011-12 to 2014-15. Tourism in India has significant potential considering the rich cultural and historical heritage, variety in ecology, terrains and places of natural beauty spread across the country. Tourism is also a potentially large employment generator besides being a significant source of foreign exchange for the country.

Tourism and hospitality have always been the focus point of many speeches of Prime Minister Narendra Modi. His strong belief in Tour & Travel Industry is even apparent from the fact that the Ministry of Tourism channelizes half of its budget on developing destinations, circuits and mega & rural tourism infrastructure projects. The government also introduced many initiatives, such as Incredible India and Atithi Devo Bhava to attract tourists, especially foreigners. These and many other growth drivers put Tourism and Hospitality in the limelight of PM Modi's ambitious 'Make in India' campaign.

Key words: Make in India, Travel & tourism, Hospitality, GDP, Investment, foreign exchange

Introduction:

India is a large market for travel and tourism. It offers a diverse portfolio of niche tourism products - cruises, adventure, medical, wellness, sports, MICE, eco-tourism, film, rural and religious tourism. India has been recognised as a destination for spiritual tourism for domestic and international tourists.

In the developing country like India tourism has become one of the major sectors of the economy, contributing to a large proportion to GDP and employment opportunities. Tourism is one of the fastest growing service industry in the country with great potentials for its further expansion and diversification. Tourism industry plays a major role in any country's economic development. It helps significantly to the country for creating the employment opportunities to the large number of people. Moreover, it is also one of the important engines to attract more foreign exchanges with its potential. We need to concentrate to have liberal policies, relaxation in taxes, comprehensive package and so on

to influence tourist and foreign investment. There is also a need to increase the government's role to make India flourishing in tourism and established in the global market. India has rich source in tourism for the establishment of the brand. Of course India has been launched the Incredible India to make tourism better. This paper explains the impact of tourism in Indian economy. Tourism in India is a key growth driver.

Total contribution by travel and tourism sector to India's GDP is expected to increase from US\$ 136.3 billion in 2015 to US\$ 275.2 billion in 2025. Travel and tourism is the third largest foreign exchange earner for India. In 2014, the country managed foreign exchange earnings of USD 19.7 billion from tourism. The launch of several branding and marketing initiatives by the Government of India such as Incredible India! and Athiti Devo Bhava have provided a focused impetus to growth. The Indian government has also released a fresh category of visa - the medical visa or M visa, to encourage medical tourism in the country. India is expected to receive nearly half a million medical tourists by 2015, implying an annual growth of 30 per cent. In November 2014, Government of India launched Tourist Visa on Arrival (TVoA) which is enabled by Electronic Travel Authorization (ETA), known as the e Tourist Visa scheme for 43 countries. The facility is likely to enable 7.5 percent growth in the tourism sector in 2015. The Government has also been making serious efforts to boost investments in tourism sector. In the hotel and tourism sector, 100 per cent FDI is allowed through the automatic route. A five-year tax holiday has been offered for 2, 3 and 4 star category hotels located around UNESCO World Heritage sites (except Delhi and Mumbai). The investment in tourism sector is expected to be US\$ 12.4 billion in the 12th Five Year Plan; of these, private investments are likely to total US\$ 9.2 billion.

Tourism in India is a booming industry. Tourism contributes 6.23 percent to the national GDP and 8.78% of the total employment in India. The Foreign Tourist Arrivals (FTAs) in India during 2010 were 5.58 million with estimated foreign exchange earnings at US\$ 14.19 billion. Despite the recession the tourism industry has shown impressive growth in the number of foreign tourist arrivals. India is 42nd in the world rankings as per foreign tourism arrivals in the country.

Tourism development has always been an integral part of the country's five year plans. The National Tourism Development Policy, 2002, aims to position tourism as a major engine of economic growth and to harness its direct and multiplier effects for employment and poverty eradication in an environmentally sustainable manner. The Tourism Ministry has also played an important role in the development of the industry, initiating advertising campaigns such as the "Incredible India" campaign, which promoted India's culture and tourist attractions in a fresh and memorable way. The tourism industry has helped growth in other sectors as diverse as horticulture, handicrafts, agriculture, construction and even poultry. The industry is expected to generate 13.45 million jobs! across sub-segments such as Restaurants (10.49 million jobs), Hotels (2.3 million jobs) and Travel Agents/Tour Operators (0.66 million).

The Ministry of Tourism plans to help the industry meet the increasing demand of skilled and trained manpower by providing hospitality education to students as well as certifying and upgrading skills of existing service providers. India has moved up 13 positions to 52nd rank from 65th in Tourism & Travel competitive index.

Types of tourists

- **Business tourists:** This segment typically comprises those travelling for meetings, incentives, conventions and exhibitions (MICE); however, this definition is not conclusive and includes any tourist on a visit to India for business purposes. Business tourism is viewed as an important market in the country and one of the high-yielding sectors of the tourism industry.

• **Leisure tourists:** Leisure tourism comprises trips for pleasure. It includes holidays within the country or abroad. Visiting friends and relatives and travel for a variety of reasons such as health and fitness, sports, education, and culture also come under the purview of leisure trips. In the past few years, opportunities in India for leisure tourism have emerged strongly owing to the following factors: changing consumption pattern of Indian customers, burgeoning Indian middle class population, and geographical diversity.

Tourists can also be classified into domestic and foreign tourists based on their nationality. Furthermore, depending on the duration, tourism can be classified into picnic, excursion, holidays, weekend getaways, etc.

Different forms of tourism

There are different types of tourism. The recent trend is moving toward niche segments of tourism:

• Medical/healthcare tourism • Adventure tourism • Heritage tourism • Ecotourism • Rural tourism • Pilgrimage tourism

• **Medical tourism:** Medical tourism also known as health tourism has emerged as one of the important segments of the tourism industry. The term has been coined by travel agencies and the mass media to describe the rapidly-growing practice of travelling across international borders to for healthcare. Travelers typically seek services such as elective procedures as well as complex specialised surgeries such as joint replacement (knee/hip), cardiac, dental, and cosmetic surgeries. Psychiatry, alternative treatments, and convalescent care are also available.

Several factors have contributed to growth in medical tourism worldwide. These include: Low travel costs

Significant reduction in travel costs worldwide has made travel to other countries for medical treatments more affordable. This has also boosted industry growth.

High growth of world-class medical treatments in developing countries. Healthcare facilities in many developing countries have improved significantly in recent years and their standards of healthcare are now on par with that in the US or Western Europe.

Medical tourism has done exceptionally well in India and the number of medical tourists coming into the country is increasing. Rising healthcare costs in the developed economies, especially the US and the UK, is forcing patients from the region to look for cost-effective and alternative forms of treatment. India, with its pool of highly trained and specialised doctors, good healthcare infrastructure facilities, relatively lower cost of treatment and availability of alternative forms of treatment such as Ayurveda, Yoga, Siddha, and Naturopathy is seeing strong growth in medical tourism.

Medical tourism is promoted through suitable packaging of identified best hospitals and price banding as per treatment requirements. The medical costs in India are much lower at around 25% of the costs in the European and US markets. Medical tourism has grown swiftly despite the economic slowdown. The industry is still at a nascent stage and holds immense potential.

The key benefits of medical treatment and medical tourism in India are:

- World-class treatment at fraction of the cost in western countries
- Patients from more than 55 countries availing treatment in India
- Medical technology, equipment, facilities and healthcare infrastructure in India at par with international standards
- The Indian doctors recognised among the best globally.

Various medical treatments that can be availed in India include knee replacement, hip replacement, cosmetic surgery, dental treatment, and cardiac care.

The government is also taking several measures to promote medical tourism in the country. This includes issuance of “Medical Visa” for patients and their attendants coming to India for treatment. It has also requested the state governments to promote healthcare packages. Under the Market Development Assistance Scheme, financial assistance would be provided to medical tourism service providers (MTSP), i.e. accredited hospitals and medical tourism facilitators (travel agents and tour operators approved by the Ministry of Tourism and engaged in medical tourism).

Wellness tourism: Wellness tourism is regarded as a sub-segment of medical tourism. Here, the primary purpose is achieving, promoting or maintaining good health and a sense of well-being. India with widespread presence of Ayurveda, Yoga, Siddha, and Naturopathy, complemented by its spiritual philosophy, is a well-known wellness destination. Wellness tourism includes ayurvedic therapies, spa visits, and yoga meditation. The government is promoting this form of tourism with publicity and promotional activities.

Adventure tourism: Travel for the aim of exploration or travel to remote, exotic and possibly hostile areas is known as adventure tourism. With tourists looking for different options, adventure tourism is recording healthy growth. Adventure tourism refers to performance of acts, which require significant efforts and some degree of risk or physical danger. The activities include mountaineering, trekking, bungee jumping, mountain biking, river rafting, and rock climbing.

India with its diverse topography and climate offers tremendous scope for adventure tourism. The mountain regions offer lot of scope for mountaineering, rock climbing, trekking, skiing, skating, mount biking and safaris; rushing rivers provide opportunities for river rafting, canoeing and kayaking; and oceans provide tremendous opportunity for diving and snorkeling.

The government is undertaking measures such as financial assistance to governments of states and union territory for development of adventure tourism destinations. It has also provided financial assistance for organising mountain biking expedition. The Ministry of Defense has given permission for opening of 104 additional peaks in Leh area of Jammu & Kashmir for adventure tourism, while customs duty on inflatable rafts, snow-skis, sail boards and other water sports equipment has been exempted.

Heritage tourism: Heritage tourism is defined as “travel undertaken to explore and experience places, activities, and artifacts that authentically represent the stories and people of the past and present”. It is oriented toward cultural heritage of the tourist location. It involves visiting historical or industrial sites, religious travel or pilgrimages. India is well known for its rich heritage and ancient culture. The country’s rich heritage is amply reflected in the various temples, majestic forts, pleasure gardens, religious monuments, museums, art galleries and urban and rural sites which are citadels of civilisation. All these structures form the products of heritage tourism.

Ecotourism: Ecotourism, also known as ecological tourism, is travel to natural areas to appreciate the cultural and natural history of the environment, while not disturbing the integrity of the ecosystem and creating economic opportunities that make conservation and protection of natural resources advantageous to local people. It involves travel to destinations where flora, fauna and cultural heritage are primary attractions. Ecotourism also minimises wastage and the environmental impact through sensitised tourists. It can be one of the medium to preserve local culture, flora and fauna and other natural resources.

India, with its great geographical diversity, offers several eco-tourism destinations. It is home to a wealth of ecosystems which are well protected and preserved. These include:

- Biosphere reserves
- Mangroves
- Coral reefs
- Deserts
- Mountains and forests
- Flora and fauna
- Seas, lakes and rivers
- Caves

Rural tourism: Rural tourism showcases rural life, art, culture and heritage of rural locations, benefitting the local community economically and socially as well as enabling interaction between the tourists and locals for a more enriching tourism experience. Rural tourism is multi-faceted and may entail farm/agricultural tourism, cultural tourism, nature tourism, adventure tourism, and ecotourism. Rural tourism has certain characteristics: it is experience oriented; locations are sparsely populated; it is predominantly in a natural environment; it meshes with seasonality and local events; and it is based on preservation of culture, heritage and traditions. India's rural geographical and cultural diversity enables it to offer a wide range of tourism products and experiences. Increasing levels of awareness, growing interest in heritage and culture, improved accessibility to rural areas, and environmental consciousness are playing an important role in promoting rural tourism. This form holds immense potential in India, where more than 70% of the population resides in villages.

- The Ministry of Tourism along with UNDP undertook the "Explore Rural India" Campaign, to give tourists a chance to experience life in rural India. It is one of the most successful tourism campaigns so far. During the "Visit India Year 2009" campaign, 15 rural tourism sites were selected as rural eco-holiday sites.

Wildlife tourism

- Wildlife tourism, one of the fastest segments of tourism, involves travel to different locations to experience wild life in natural settings. Due to its varied topography and distinctive climatic conditions, India is endowed with various forms of flora and fauna and it has numerous species of birds, mammals, reptiles, amphibians and plants and animals.
- To tap the potential of wildlife tourism, the government has launched some wildlife packages for travelers. Wildlife Tourism in India includes wildlife photography, bird watching, jungle safari, elephant safari, jeep safari, jungle camping, ecotourism etc.
- The country offers immense opportunities for wildlife tourism. The strong heritage of wildlife in India comprises more than 70 national parks and about 400 wildlife sanctuaries including bird sanctuaries. However, concrete steps by both the government and the private sector need to be taken to promote wildlife tourism. Taj Hotels & Resorts has a joint venture with Conservation Corporation Africa to provide wildlife enthusiasts, circuit tourists and high-end domestic travelers with fascinating wildlife experiences within India through an ecologically-sustainable model. In a bid to preserve the natural habitat, the Ministry of Tourism has launched an initiative, "Tigers: Our Natural Beauties".

MICE tourism

- MICE (Meetings, Incentives, Conferences and Exhibitions) tourism is also one of the fastest growing in the global tourism industry. It largely caters to business travelers, mostly corporates. It caters to various forms of business meetings, international conferences and conventions, events and exhibitions. Hong Kong, Malaysia and Dubai are the top destinations for MICE tourism. India is also present in this segment.
- This form of tourism combines annual business meetings and conferences with pleasurable events for delegates and attendants. India can be competitive with other MICE tourism destinations owing to its natural beauty, rich heritage and geographical diversity. One of the requisites for this form of tourism is world-class convention centres. The Ashok, New Delhi; Hyderabad International Convention Centre, Hyderabad; and Le Meridian, Cochin are forerunners in the Indian MICE tourism industry, facilitating domestic and International business meetings and conferences.
- Some other forms of tourism include cruise tourism, beach tourism, pilgrimage tourism, monsoon magic, luxury tourism.

Market Size

- The number of Foreign Tourist Arrivals (FTAs) has grown steadily in the last three years reaching around 7.103 million during January–November 2015 (4.5 per cent growth).
- The number of FTAs in November 2015 was 815,000, registering an increase of 6.5 per cent over November 2014.
- Foreign Exchange Earnings (FEEs) from tourism during January-November 2015 were Rs 1,12,958 crore (US\$ 16.94 billion), registering a growth of 1 per cent over same period last year.
- The number of tourists arriving on e-Tourist Visa during the month of October 2015 reached a total of 56,477 registering a growth of 1987.9 per cent or ~21 times as compared to 2,705 tourists in October 2014.
- Online hotel bookings in India are expected to double by 2016 due to the increasing penetration of the internet and smart phones#.

Investments

The tourism and hospitality sector is among the top 15 sectors in India to attract the highest Foreign Direct Investment (FDI). During the period April 2000-September 2015, the hotel and tourism sector attracted around US\$ 8.48 billion of FDI, according to the data released by Department of Industrial Policy and Promotion (DIPP).

With the rise in the number of global tourists and realising India's potential, many companies have invested in the tourism and hospitality sector. Some of the recent investments in this sector are as follows:

- Fairfax-owned Thomas Cook has acquired Swiss tour operator Kuoni Group's business in India and Hong Kong for about Rs 535 crore (US\$ 80.3 million) in order to scale up inbound tour business
- US-based Vantage Hospitality Group has signed a franchise agreement with India-based Miraya Hotel Management to establish its mid-market brands in the country.
- Thai firm Onyx Hospitality and Kingsbridge India hotel asset management firm have set up a joint venture (JV) to open seven hotels in the country by 2018 for which the JV will raise US\$ 100 million.
- ITC is planning to invest about Rs 9,000 crore (US\$ 1.35 billion) in the next three to four years to expand its hotel portfolio to 150 hotels. ITC will launch five other hotels - in Mahabalipuram, Kolkata, Ahmedabad, Hyderabad and Colombo - by 2018.

- Goldman Sachs, New-York based multinational investment banking fund, has invested Rs 255 crore (US\$ 38.3 million) in Vatika Hotels.
- Japanese conglomerate SoftBank will lead the Rs 630 crore (US\$ 94.5 million) funding round in Gurgaon based OYO Rooms.
- MakeMyTrip will acquire the travel planning website Mygola and its assets for an undisclosed sum, and will together look to focus on innovating the online travel segment.

Reasons to Invest: Tourism in India accounted for 6.88% of the GDP during 2012-13, and tourism the third largest foreign exchange earner for the country.

- India registered 7.7 Million FTAs in 2014, registering an annual growth of 10.2% over the previous year.
- The FEEs from tourism during 2014 were USD 20.236 Billion.
- India is 15th in the world in terms of International Tourism Receipts with a share of 1.58% of the world's tourism receipts.
- India offers geographical diversity, attractive beaches, 32 World Heritage Sites and 25 bio-geographic zones.
- India has a diverse portfolio of niche tourism products – cruises, adventure, medical, wellness, sports, MICE, eco-tourism, film, rural and religious tourism.
- Tourism projects entailing investment of INR 200 crore and above have been included in the harmonized list for grant of infrastructure status.
- The centrally funded scheme of Swadesh Darshan and PRASAD provide for introducing suitable Public Private Partnership (PPP) for improved sustainability of the projects.

Government Initiatives

The Indian government has realised the country's potential in the tourism industry and has taken several steps to make India a global tourism hub. Some of the major initiatives taken by the Government of India to give a boost to the tourism and hospitality sector of India are as follows:

- The Union Cabinet has approved the signing of Memorandum of Understanding between the Ministry of Tourism of India and the Ministry of Trade Industry and Tourism of Colombia in order to boost cooperation in the field of tourism between the two countries.
- The Central Government has given its approval for signing of a Memorandum of Understanding (MoU) between India and Cambodia for cooperation in the field of tourism with a view to promote bilateral tourism between the two countries.
- Ministry of Tourism has sanctioned Rs 844.96 crore (US\$ 142 million) to States and Union Territories for developing tourism destinations and circuits during FY 2014-15, which includes projects relating to Product/Infrastructure Development for Destinations and Circuits (PIDDC), Human Resource Development (HRD), Fairs and Festivals & Rural Tourism.
- The Heritage City Development and Augmentation Yojana (HRIDAY) action plans for eight missions cities including Varanasi, Mathura, Ajmer, Dwaraka, Badami, Vellankini, Warangal and Amaravati have been approved by HRIDAY National Empowered Committee for a total cost of Rs 431 crore (US\$ 64.7 million).
- Government of India plans to cover 150 countries under e-visa scheme by the end of the year besides opening an airport in the NCR region in order to ease the pressure on Delhi airport.
- Under 'Project Mausam' the Government of India has proposed to establish cross cultural linkages and to revive historic maritime cultural and economic ties with 39 Indian Ocean countries.

Statistics:

- Tourism is a big employment generator – every USD 1 Million invested in tourism creates 78 jobs.
- Tourism is the third largest foreign exchange earner after gems, jewellery and readymade garments.
- In 2014, FEEs from tourism were USD 20.236 Billion as compared to USD 18.445 Billion in 2013, registering a growth of 9.7% in Indian Rupee terms, FEEs from tourism registered a growth of 14.5% rising from INR 1,07,671 crore to INR 1,23,320 crore.
- India registered 7.7 Million FTAs in 2014, registering an annual growth of 10.2% over the previous year.
- The number of domestic tourist visits in India during 2014 was 1281.95 million as compared to 1145.28 Million in 2013, recording a growth rate of 11.93%.
- FTAs (Provisional) from January to July 2015 were 4.48 million, an increase of 4.8% over the same period of previous year.
- FEEs (Provisional) from January to July 2015 was INR 71,754 crore, an increase of 6.9% over the same period of previous year.

Growth in Tourism & Hospitality:

A growing recognition of tourism's contribution to employment and economic growth, the availability of better infrastructure, focused marketing and promotion efforts, liberalisation of air transport, the growth of online travel portals, growing intra-regional cooperation and more effective PPPs are seen as key drivers for tourism in the next decade. More than half of the Ministry of Tourism's Plan budget is channelised for funding the development of destinations, circuits, mega projects as well as rural tourism infrastructure projects.

There is a renewed focus on skill development in the travel and tourism sector – 21 government-run hotel management and catering technology institutes and 14 food craft institutes have been established to impart specialised training in hoteliering and catering.

The availability of the Visa On Arrival facility significantly influences tourists' travel plans to any country. The Tourist Visa on Arrival (TVoA) was renamed as Electronic Travel Authorisation (ETA) on 15th April, 2015. Currently the ETA facility is available for 113 countries. This is expected to have a significant positive impact on foreign tourist arrivals in India. The launch of several branding and marketing initiatives by the Government of India such as Incredible India! and Athiti Devo Bhava provides a focused impetus to growth. Recently, the Indian government has also released a fresh category of visa - the medical visa or M visa, to encourage medical tourism in India.

Key provisions of Budget:

- To develop and enhance tourist infrastructure a provision of INR 600 crore is made for developing Swadesh Darshan (12 Theme based Tourist circuits) and INR 100 crore for PRASAD for Beautification of Pilgrimage Centres. States have been given greater flexibility in development of Tourist infrastructure as per local requirement from their enhanced resources.
- Services provided by Indian tour operators to foreign tourists in relation to tours wholly conducted outside India are being exempted from levy of service tax.
- Resources to be provided to start work along landscape restoration, signage and interpretation centres, parking, access for the differently abled, visitors' amenities, including securities and toilets, illumination and plans for benefiting communities around them at various heritage sites which include Churches & Convents of Old Goa, Hampi, Karnataka, Elephanta Caves, Mumbai, Kumbalgarh and other

hill forts of Rajasthan, Rani ki Vav, Patan, Gujarat, Leh Palace, Ladakh, J&K, Varanasi Temple town, UP, Jalianwala bagh, Amritsar, Punjab and Qutub Shahi Tombs, Hyderabad, Telengana

- The visa-on-arrival facility to be increased for travellers of 150 countries in stages, from current 43 countries.

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. But much more remains to be done. 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 and sustains & supports the native cultures in the locations it is operating in. Moreover, since tourism is a multi-dimensional activity, and basically a service industry, it would be necessary that all wings of the Central and State governments, private sector and voluntary organizations become active partners in the endeavor to attain sustainable growth in tourism if India is to become a world player in the tourism industry.

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