



Role of Tourism in Promoting Hotel Industries in India - Some Emerging Issues

KEYWORDS

"Travel – Tourism management-Time cost- IITM – Foreign Tourists"

MR. D. Ramachandran

Ph.D., Research Scholar, Department of
Commerce, National College (Autonomous),
Tiruchirappalli-620001.

Dr. R. Sundhararaman

Research Advisor & Associate Professor, Department
of Commerce, National College (Autonomous),
Tiruchirappalli-620001.

ABSTRACT

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 recognised. It has generated a number of social and economic benefits, promotes national integration and international understanding, 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 and 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.

Introduction

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 a mere 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 Plan¹. The outlay for the Eighth Plan period has been fixed at a substantially higher level of Rs. 804.10 crores².

A tourism policy was formulated and presented to Parliament for the first time only In November 1982. This policy was, unfortunately, more a statement of purpose than a concrete plan, which was operationalised. The Sixth Plan document spelt out the objectives of the tourism but it was far from being a comprehensive policy document or an action plan for the development or promotion of tourism in the country. The Seventh Plan outlined a long-term perspective on the development of tourism. It also advocated granting industry status to tourism, clear demarcation of the roles of the private and public sector and encouragement of investment in the public sector exploiting tourism potential to support the local arts and handicrafts sector and to promote national integration. A significant milestone in the evolution of a tourism policy was the comprehensive report presented by the National Committee on Tourism in May 1988, which provided the basis of a long-term perspective plan for tourism³.

During the Seventh Plan several new policy initiatives were taken to develop the tourism sector on an accelerated growth path. Tourism was accorded the status of an Industry. At present, 15 states and 3 Union Territories have declared tourism as an Industry. In addition, four states have declared hotels as an Industry⁴. Consequently, a number of incentives have been provided to private entrepreneurs for investment in tourism activities. The future growth, of tourism will be achieved through private initiative. The state can contribute to tourism by planning broad strategies of development, provision of fiscal and monetary incentives to catalyze private sector Investments and devising effective regulatory and supervisory mechanism to protect the interest of the industry, the consumer and the environment.

In the Eighth Plan, the "Special Tourism Areas" concept is being adopted, wherein a few tourist areas with high tour-

ism potential will be identified and provided with full-fledged infrastructure facilities⁵.

Organizations Involved in Tourism

The various organisations engaged in the development of tourism are

Department Of Tourism

It is responsible for promotion of India as a tourist destination, development of tourism Infrastructure and facilities in the field of tourism. It has four regional offices at Delhi, Mumbai, Kolkata, and Chennai and a sub-regional office at Guhawati. The regional offices supervise the working of other tourist offices situated at different places throughout the country. Tourist offices are also located at various places abroad.

ii) India Tourism Development Corporation (ITDC). It was established In October 1966. Its activities include;

- ❖ Construction, management and marketing of hotels, restaurants and travelers lodges at various places in the country;
- ❖ provision of tourist publicity materials;
- ❖ Provision of entertainment facilities in the shape of sound and light shows, music concerts, etc.,
- ❖ Provision of shopping facilities in the shape of duty free shops; and
- ❖ Provision of consultancy-cum-managerial service in India and abroad.
- ❖ The Corporation had 31 hotels / travelers lodges with 3762 rooms at the end of 1990-91.

iii) Indian Institute of Tourism and Travel Management (IITM).

It was set up in January 1983 with registered office at New Delhi. It offers different level academic courses in tourism and travel management and related areas. It has embarked upon a series of alternative educational courses for supervisory and grass root-level workers of the Industry. Universities in 20 developing countries are sending their faculty members for being trained in IITM courses.

iv) National Council for Hotel Management and Catering Technology.

It acts as an apex body to coordinate training and research in hotel and catering management. Its head office is In New

Delhi. It is the main agency for planning and monitoring the activities of 15 Institutes of Hotel Management and 15 Food Craft Institutes end ensures uniformity in academic standards and procedure for selection and admission of candidates for various courses conducted by these institutes.

v) Tourism Finance Corporation of India Ltd. (TFCI).

This Corporation, sponsored by the Industrial Finance Corporation of India, was set up In April 1988 with Initial seed capital of Rs. 50 crores to provide institutional assistance to tourism projects other than those in the accommodation sector, as the Industrial Finance Corporation of India at concessional rate of Interest was financing these. It started its operations from I-2-1989.

In addition to the above mentioned organisations at the Central level, the State governments and Union territories have their own Departments of Tourism, Tourism Development Corporations and other Institutions or organisations formed for the purpose of helping the development of tourism industry in their areas. Besides this institutional support, a large number of other agencies, such as the Department of Archaeology, International Airport Authority of India, Indian Airlines, Vayudoot, Indian Railways, Customs Department, Reserve Bank of India, Forest Departments, Handloom and Handicrafts Boards and Corporations and Individual travel agents, hotels and tour operators are engaged in the promotion of tourism in India.

Growth of Tourism

As evidenced by the following data, tourism industry has recorded a substantial growth in India over the years.

i) Foreign Tourist Arrivals :- The large number of tourists are visiting India from various countries.

The number of foreign tourists who came to India increased from 17,000 in 1951 to 1.71 million In 1990. In fact, the foreign tourist arrivals have crossed the one million mark In 1986 when the country received 10,80,000 foreign tourists. But it was not a spectacular achievement considering the fact that it formed just 0.4 per cent of the global tourist traffic in that year. As stated by the then Civil Aviation and Tourism Minister Mr. Madhavrao Scindia in the Rajya Sabha, on November 24, 1992, the number of foreign tourists who visited India during 1991 was 16,77,508. This shows a decline in the foreign tourist arrivals in the country in 1991, as compared to that in the previous year, though 1991 was declared as the 'VISIT INDIA YEAR'. Thus, the target of receiving 2.5 million tourists by the end of the Seventh Five Year Plan could not be achieved. What is more disappointing is the fact that the already poor share of the country in the global tourist traffic declined further from 0.4 percent In 1986 to 0.35 per cent in 1990. It looks rather ironical in view of the fact India, with her colourful geographical features, unique historical and cultural mosaic, fascinating fauna and flora, sun-drenched bathing beaches, majestic rivers, glorious architecture and beautiful and sublime literature, has inexhaustibly attractive tourism resources. It is anticipated that tourist traffic will grow at the rate of 9 to 10 per cent per annum and about 2.75 million tourist will visit India by the end of the Eighth Plan.

Table 2.1 Arrivals of Foreign Tourist

Year	Arrivals
1991	1677508
1992	1867651
1993	1760418
1994	1886433
1995	2123683
1996	2287860
1997	2374094
1998	2358623
1999	2471848
2011	2876943

(Source) Department of tourism annual report 2011.

Above table indicate the data related to arrival of tourist in India According to the data, every year it should increasing trends in last decade. In 1991, 1677508 tourist have visited India, and 2624259 tourist have been visited India during 2000.

India's top 10 tourist markets are the U.K., the U.S.A., F.R.G. (erstwhile), France, Japan, Shri Lanka, Italy, Canada, and U.S.S.R. and Malaysia, in the order of importance⁷. But three countries - the U.K., the U.S.A. and Germany (East and West combined) contribute the lion's share or tourist arrivals in India. They accounted for 14.9 per cent, 11.6 per cent and 6.0 per cent respectively of the total number of tourists who visited India In 1986⁸. Hence, it is imperative to make all possible efforts to attract tourists from other European and South-east Asian countries and from the Middle East.

ii) Foreign Exchange Earnings

Tourism in India has emerged as the largest net foreign exchange earner. Its contribution to the foreign exchange earning of the country increased from a meager Rs. 32 crores in 1974-75 to more than Rs. 3000 crores⁹ (Rs. 3318 crores as per the aforesaid statement of Shri Madhavrao Scindia in the Rajya Sabha on November 24, 1992). Since Imports of goods needed for tourism are limited, value added component in terms of foreign exchange earning of this industry is relatively high. India spends only 7 cents to earn a dollar from tourism, while the costs of earning one dollar from gems and jewellery and engineering goods are 70 cents and 40 cents, respectively¹⁰. But India's foreign exchange earnings from tourism are a paltry figure when compared to some other countries. For example, in 1980, India earned dollar 603 million from tourism as compared to dollar 1,317 million earned by a tiny country like Hong Kong¹¹. In 1991, our country earned a mere 0.6 per cent of dollar 230 billion international spending on tourism¹². The National Committee on Tourism had estimated that foreign exchange earning from tourism could be increased to about Rs. 5000 crores by the year 2000 A.D., at 1986-87 prices.

Table 2.2 Earning of Foreign Exchange

Year	Earning of foreign Exchange
1991	3589.90
1992	5781.87
1993	6304.98
1994	7116.24
1995	8437.41
1996	9714.61
1997	10482.38
1998	11280.45
1999	12175.97
2011	11861412

(Source) Department of Tourism Annual Report 2011

Table 2.2 indicate the data regarding foreign earnings during last 10 years of country. After Globalisation process, this earnings has been increased. It was 3589.90 during 1991 and highest 14408.63 during 2000.

(iii) Employment Generation

Being a labour intensive Industry, tourism has immense potential for generating employment, particularly for the educated unemployed. By the rule of thumb, one additional tourist from an affluent country creates one more job in India, for a foreign tourist spends Rs.18, 000 during his stay in the country on an average¹³. The expenditure by tourists has a multiplier effect on employment. According to the Tata Economic Consultancy Services Report of 1982, for every job created by tourism sector 2.57 jobs were created elsewhere. The multiplier effect of tourism in terms of employment generation is clearly indicated by the fact that out of 4.5 million persons engaged in this industry in India in 1988, 1.5 million persons were directly employed¹⁴. In 1991, 5.3 million people were directly related to the tourism industry and another 13.8 million Indirectly¹⁵.

Tourism is a basic industry which provide employment. In India Jammu and Kashmir is completely depending on tourist arrival only. So the economy can developed, sub area of economical activities like, Hotels, Transports, Telephones, Caterings, Food processing, Local handy Craft, so this sector can generate large number of opportunities and possibilities for growth of social sector. Good road-highway, hotels, telecommunication, Restaurant etc. tourism related sectors which can be growth according to the growth of this sector.

Table 2.3 Direct Employment by Indian Tourism Industry

Year	Direct Employment
1990-91	5500000
1995-96	8500000
1996-97	9100000
1997-98	9900000
1998-99	10700000
1999-2000	11500000
2000-01	12500000
2001-02	13500000
2002-03	14500000
2003-04*	15700000
2004-05*	17000000
2012-14*	18300000

Estimated (Source) Facts for You February 2012.

Table No.2.3 indicates the data above direct employment by Indian Tourism industry. It shows increasing trends every year. So this industry can play its important role in economical and social developments.

iv) Provision of Accommodation

The growth of tourism can also be measured in terms of the availability of hotel rooms, one of the most important infrastructure facility needed for the industry, in the country. The number of approved hotels and their rooms, in the country, increased from 186 and 7,085 in 1963 to 694 and 44,405 respectively in 1990. But the rooms available have been falling short of the demand for them. In 1988, the country was short of accommodation by at least 25,000 rooms. According to Mishra, secretary; ministry of tourism, while addressing the International Tourism Council (ITC) on April 30, 1988 (reported in The Economic Times, Bombay, dated May 1, 1988)*. The National Committee on Tourism in its report has foreseen a requirement for one-lakh rooms in the various categories. However the Union Minister for Tourism and Civil Aviation Shri Scindia has told on August 8, 1992 (The Economic Times, Bombay, August 26, 1992) that the number of hotel rooms will be doubled within three years.

Table 2.4 Star Hotel in India

Year	Fivestarhotel	Total star hotel
1990	15000	44000
1991	15000	44000
1992	15700	47000
1993	16000	51000
1994	18000	55000
1998	19610	64573

(Source) Facts for you July 1997 p.35

Above table indicate the information above availability of hotels. In 1990, 15000 rooms were available in five star hotels and 44000 rooms were available in total stars (industry every star hotels) hotel. This is increased in 1998.

Problems of Tourism Industry

The foregoing analysis of the growth of tourism in India shows that although the industry has registered an all round substantial development in the country during the last two-three decades, most of the potential, for its growth has not yet been exploited and much more is left to be desired. The limited, and rather unsatisfactory, growth of this industry in our country has been due to a number of problems it is beset with and various difficulties it has been facing. The important factors, which have limited the growth of tourism in India, are mentioned below:

- ❖ Inadequate airline capacity, particularly during the peak tourist season, bad conditions of our airports, delays in getting the bookings, flight cancellations and delays render air travel in India nightmarish for foreign tourists.
- ❖ Due to appalling conditions of traveling by trains, in India tourists prefer to avoid unless unavoidable.
- ❖ Lack of hygienic and comfortable accommodation for the tourists, in general, but reasonable good accommodation for low spending middle class tourists in particular, render tourism unattractive. Absence of motel hampers the smoothness, of long distance travels.
- ❖ There is absence of an up to date information systems with quick retrieval facilities causes inconvenience to tourists.
- ❖ Another major factor inhibiting the growth of tourism is the seasonality of the industry with the busy season being limited to six months from October to March and heavy rush in November and December.
- ❖ Lack of an integrated tourism promotion programme during the five-year plan periods has hindered the growth of tourism.
- ❖ Indifference of many states and union territories to tourism, which has not yet been accorded industry status by them, is another factor limiting its growth.
- ❖ Next factor is the failure of the mandarins of tourism to quickly adopt to the changing environment, for example the temporary closure of Jammu and Kashmir to tourists and socio-political and religious agitations in other northern states of the country rendering them unattractive to tourists, by developing and promoting alternative tourists destinations in South India.
- ❖ A lukewarm attitude towards the domestic tourism due to the emphasis placed by the authorities on foreign tourism has been another limiting factor. We should not forget that domestic tourists have its own importance and its development provides a sound basis for the growth of international tourism.

After a brief discussion of the problems and difficulties faced by tourism in India and the factors limiting its growth in the country, the researcher have studied by the various measures taken by the government recently for prompting tourism have been discussed below.

Measures Taken for Promotion of Tourism

The Central and the State governments and their concerned agencies or departments for the development of tourism in India have taken a number of measures. Some important steps taken recently in this regard are as under:

a) To promote India as a destination of 1990s, 18 Extension Circuits have been identified for development. These circuits specifically relate to adventure, wildlife, winter and water sports and beaches. In order to encourage water sports and to bring professionalism in the field, a National Institute of Water Sports has been set up in Goa for developing pilgrimage tourism 21 places have been selected in the country.

To help the ITDC to attract more foreign tourists it has been decided to allow it to have marketing and management development collaborations with M/s. Radisson Hotel Corporation of U. S. A.

With a view to bring in foreign exchange and generate funds for modernisation of ITDC run hotels, the union civil aviation and tourism ministry has decided to privatise these hotels. The first basket of hotels proposed to be privatised were those in Delhi, Udaipur, Jaipur, and Aurangabad. The proposal was to disinvest 40 per cent of the equity to the international hotel chains, 20 per cent to the hotel employees and financial institutions and retain the remaining 40 with the government. This has irked the Indian hoteliers who have been sidetracked.

CONCLUSION

The Central government has assisted State government to set up inexpensive accommodation at important tourist

centers for the Yatri Niwases. In 1988, 50 per cent of foreign exchange earnings of hotels and travel agencies were made tax-free straightaway. The Government of India has allowed upto 51 per cent foreign participation in hotel industry. Further, a tax rebate of 25 per cent of profits up to a period of eight years for approved hotel, which commenced

operations between March 31, 1981 and April 1, 1990, has also been announced. Under the "Equity Scheme", which became operative from April 1992, the Central Department of Tourism and the State government will contribute to the equity capital of tourism ventures.

REFERENCE

1. Kothari C.R., Research Methodology, Wishwa Prakashan, New Delhi, 1997. | 2. Sadhu Singh, Research Methodology in social science, Himalaya Publishing House, 1980. | 3. O.P.Kandari, Wildlife of Garhwal Himalaya: a Recreational resource for Tourism Promotion (Srinagar, 1985) (Unpublished Doctoral Thesis, HNB Garhwal University, p.3. | 4. L.J.Lickorish and A.G.Kershaw. The management of Tourism (London, 1975), p .3. | 5. T.V.Singh, et al, (eds.), studies in tourism wildlife parks conservation (New Delhi, 1982), p.VIII. | 6. Kim Hellen, 'An Educator's Evaluation of Tourism', PATA Report, 15th Annual Conference, san-Francisco (California.1966), p.18