

## CHALLENGES FACED BY TOURISM INDUSTRY IN INDIA

**Dr.V.SURESH BABU**

*Assistant Professor, PG & Research Department of Commerce M.T.N.College, Madurai-4.*

**Dr.B.MARAN**

*Associate Professor & Head, PG & Research Department of Commerce M.T.N.College, Madurai-4.*

### Introduction

Tourism is usually viewed as being multidimensional, possessing physical, social, cultural, economic and political characteristics. Worldwide tourism is ranked second highest revenue-generating industry. It is necessary to differentiate between different type of tourists to understand and analyze their purpose of visit. There are different ways to attract domestic and foreign tourists, we need to understand what types of services are required to attract and retain the customers. There is a large potential market for rural tourism especially for foreign tourists, which has not yet developed because government has not taken up any systematic approach to attract foreign tourists. Tourism industry is one of the emerging industries capable of shaping the entire economic potential of a nation. It is one of the most important civil industry of the world contributing about 10% to the world's GNP.

During the early part of human history, man would have travelled under compulsion primary to satisfy his biological needs. In the subsequent periods, the emergence of empire gave impetus to travel for political, business, social and religious. Traveling during those times was difficult because of the antiquated transport facilities and lack of safety and comfort in route. Time and cost were the other major basic constraints. The Romans visited temples, shrines, festivals and baths for health and for amusements Origin of religious visits; particularly the Hindu pilgrimages greatly enlarged the dimension of travel in the past.

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 in to a 'close neighborhood' where one can reach any place in a matter of hours.

To quote G. Fraustie "It is generally expected at present that fairly in near future the average citizen of the economically developed country will be able to meet his needs by working thirty hours a week. Thus the time that an individual will devote to productive in future will take up about 6 percent of his existence".

The tourism policy, of India recently revised and redesigned by the Government of India includes the long sought after steps like encouragement to greater privatizing of tourism related services, stress on tourism education and training, selection of priority areas and activities for immediate attention and action, much effective publicity measures, organization of special fairs and festivals, holding of international seminars, symposia and workshops on tourism and last but not the least the simplification of frontier facilitation of the year 1991 as 'Visit India Year' 1990-2000 as Tourism Decade well reflect the interest of Government of India in achieving a major breakthrough in international tourism.

On account of its strategic location, the State tourism planners concentrated on the development of 'Highway Tourism', 'Created Destinations' and 'transit resorts' all along the five national highway criss-crossing the state. Having achieved the desired success in 'Highway Tourism' and 'Resort Development', the promotion of 'Rural Tourism', 'Adventure Tourism' and 'Sports and Convention Tourism' is being systemically undertaken.

#### **Objectives of Study**

To assess the existing problems in the way of tourism development in the state particularly in terms of tourist information, publicity awareness aspects.

#### **Significance of the Present Study**

In fact, tourism is inter disciplinary subject for the study by nature, each of its aspect being too complex and too complicated, and hence any amount of knowledge may still leave much quarters for further studies. Form the state's point of view, the significance of the study lies in identifying and highlighting the problem areas in the field of tourism development. It specially aims towards finding answers to problems and shortcomings in the field of infrastructure development, quantity and quality of transport, accommodation, entertainment and recreation, training, marketing and publicity etc. The suggestions from the respondents incorporated herein, would provide guidelines for future course of action to be followed. The study on tourism in India may be equally important for all those interested in undertakings similar studies in the context of other states and regions, because certain methods and approaches evolved and employed here by the researcher ought to be helpful in carrying out further studies of a similar nature.

#### **Review of Literature**

Tourism is the most important industry in the service sector of the Indian economy. 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<sup>2</sup>.

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<sup>3</sup>.

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 average<sup>4</sup>.

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 employed<sup>5</sup>.

In 1991, 5.3 million people were directly related to the tourism industry and another 13.8million Indirectly<sup>6</sup>.

#### **Tourism Policy of Government**

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 Plan<sup>1</sup>. The outlay for the Eighth Plan period has been fixed at a substantially higher level of Rs. 804.10 crores.

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

<sup>2</sup> Naik S.D., Belied Expectations, Missed opportunities, Midweek Review, Hotels and Tourism, The Economic Times, Mumbai, dated March 19, 1991. . Government of India, Planning Commission, New Delhi, Eighth Five Year Plan 1992-97, Vol.II, p. 253,

<sup>3</sup> Ibid, p. 253.

<sup>4</sup> Seth, P. The Travails of Tourism industry, Op. cit,

<sup>5</sup> Datt, Narayan, By the End of 2000 A.D., Mid-week Review, Tourist Trade, The Economic Times, Mumbai, dated February 11, 1988.

<sup>6</sup> Sanjgiri, Vasant Hotel Industry, - "Promoter of Economic Development, Mid-week Review, Hotels and Tourism, The Economic Times, Mumbai, dated September 19, 1991.

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 tourism<sup>3</sup>.

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 Industry<sup>4</sup>. Consequently, a number of incentives have been provided to private entrepreneurs for investment in tourism activities. The future growths, 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 tourism potential will be identified and provided with full-fledged infrastructure facilities

### **Challenges Faced by Tourism Industry in India**

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.

#### **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:

- 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 modernization of ITDC run hotels, the union civil aviation and tourism ministry has decided to privatize these hotels. The first basket of hotels proposed to be privatized 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.

- 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 up to
- 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.
- The budget of 1992-93 has raised the lower limit of single room tariff from Rs.400 per night to Rs.1200 for levying of 20 per cent Hotel Expenditure Tax. However, the tourism and civil aviation ministry has recommended to the finance ministry withdrawal of this tax. Partial convertibility of the rupee, abolition of duty on cars used as taxi from 230 per cent to 175 per cent, are some other
- steps included in the budget in this direction.
- On July 6, 1992, India and Israel signed a protocol on promoting tourism between the two countries by facilitating travel and cooperating in joint promotion of tourism from third countries, wherever feasible.
- With a view to attracting more foreign tourists during the lean season, Air India, Indian Airlines and ITDC and some other hotel chains have joined hands and evolved a summer package called " Super-Saver Package " consisting of 11 itineraries of seven days stay India with an option for four days extension and based on attractive rates.
- In order to automatically inform the passengers on telephone the revised departure timings of substantially delayed flights, known two hours or more in advance, a computerized facility called " Real time Automatic Passenger Information Dissemination System (RAPID)" has already been introduced in Delhi and was opened in Chennai at the Indian Airlines Offices, on April 13, 1992.
- In addition to the " Palace on Wheels ", a special tourists train comprising meter gauge " Vintage Saloons " which started taking the tourist through Rajasthan from January 26, 1982, it has been decided to flag off tourist train, "
- Temple on Wheels " which will cover different places in Karnataka and Goa in an itinerary of six days.
- Appointment of a committee by the Ministry of Environment under the chairmanship of Mr. B. B. Vohra, in March 1992, to suggest modifications in coastal

regulations for setting up of hotels and other tourism facilities near beaches is another important step for boosting up tourism.

- Opening of Ladakh for foreign tourists, lifting of the restrictions on the operation of chartered flights to India and reduction in visa fees are some other steps taken recently to attract tourists to India.

**Table 1 Arrival of Foreign Tourist in World Tourism (in lacks) \* Expected**

Year	Arrivals of Foreign Tourist
1950	253
1960	693
1965	1127
1970	1597
1975	2151
1980	2800
1984	3000
1997	6130
1999	6570
2000	6610
2010	* 9370
2020	* 15610

Source: Nation Council on Tourism Ahmedabad. Date: 18/2/2000.

Above table no. 1 reveals data about total number of foreign tourist visited India from 1450 and expected to visit till to the 2020. It is expected that passenger will come regularly in various parts of the country.

### Conclusion

The tourism administrators in these countries have sought the help of their specialists in history, geography sociology, psychology and economic science. These specialists have helped them to evolve a perspective plan of tourism in these countries. In the Indian case the government's approach has been basically ad-hoc in nature. Not only this, in India's case tourism has been handled by rotating bureaucrats. India, it is felt, has to compete fiercely with other countries of the world in the field of tourism. There is, therefore, a need for developing a sound policy of tourism based on scientific principles of hotel management both at the National and State levels.

There are, however, some danger signals from the western scholars, who argue that social, cultural and even the ecological cost of tourism is going to be heavy in the long term and therefore, long term perspective planning has to be chalked out to take care of all these factors and avoid their adverse impacts.

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.

### Suggestions

Finally suggesting the following steps to revamp the tourism administration for making tourism a grand success:

1. Experts in the fields of hotel management and tourism must be associated with all the decision-making bodies of the structure. All the tourist information bureaus must be adequately staffed and equipped to satisfactorily perform their functions.
2. The state government must encourage its employees to undertake journeys providing concessions on the Central Government pattern.
3. State Government should send proposals to the center for developing tourism in Gujarat and the center should provide adequate assistance to complete them.
4. 4.The State government must enact a comprehensive Tourist Act to direct and regulate the activities of the governmental and non - governmental sectors of this trade at the earliest.
5. 5.Better liaison should exist between State Tourism Department and ITDC.
6. A state level Tourism Planning Board should be set up to do perspective planning to provide the required fillip to the tourism industry in India.

### References

1. Facts For You”, EFY Enterprises Pvt., Ltd., New Delhi, April-1991.
2. Kim Hellen, ‘An Educator’s Evaluation of Tourism’, PATA Report, 15<sup>th</sup> Annual Conference, San-Francisco, California,1966, p.18.
3. L.J.Lickorish and A.G.Kershaw. The Management of Tourism, London, 1975, p.3.
4. Robinson H., A Geography of Tourism, Macdonald and Robinson H., A Geography of Tourism, Macdonald and Evans, 1976
5. Sarkar A., Prem Nath Dhar, Indian Tourism, Kanishka Publishers, New Delhi, 1998.
6. T.V.Singh, et al, (eds.), Studies in Tourism Wildlife Parks Conservation, New Delhi, 1982, p.VIII.