

A Study on Indian Tourism & Hospitality Sector: Contribution to Indian Economy (From 2006 to 2017), Employment Opportunities Offered, Market Size, Various Investments & Indian Government Initiatives

Mr. Akshay Nain

Amity School of Hospitality,

Amity University Haryana, Panchgaon, Manesar, Gurugram, Haryana,

Abstract: *The Indian tourism & hospitality sector is one of the major components of Indian service sector & is one of the key drivers of growth & development of Indian economy. The Indian tourism & hospitality sector is one of the major foreign exchange earners & contributes heavily to national gross domestic product (GDP). The Indian tourism & hospitality sector is also one of the major employment generators in the country. According to NITI AYOJ, the Indian tourism & hospitality sector is responsible for more jobs per million rupee of investment than any other sector. This sector provides varieties of jobs which cater to both skilled & unskilled people. The market size of the Indian tourism & hospitality sector is expanding enormously. A lot of investments have happened in Indian tourism & hospitality sector recently. The Indian government has contributed significantly to the growth & development of the Indian tourism & hospitality sector by implementing initiatives like providing 100 % foreign direct investments (FDI), flexible tax incentives, flexible policies, better road, rail & air connectivity, ease in availability of e-visas to foreign tourists etc.*

Keywords: *Indian tourism & hospitality sector, Indian economy, foreign exchange, national gross domestic product (GDP), employment, market size, investments, foreign direct investments (FDI), Indian government initiatives etc.*

I. INTRODUCTION

Indian economy is classified into three sectors — Agriculture, Industry and Service. Agriculture sector includes agriculture, livestock, forestry and fishing. Industry sector includes mining, manufacturing, electricity, gas, water supply and construction. Service sector includes trade, tourism and hospitality, transport, communication, broadcasting, financial, real estate, public administration, defense and other services. Service sector is the largest sector of India. The tourism & hospitality sector (including hotels and restaurants) has been universally recognized as

an agent of development and an engine for socio-economic growth. Throughout the world, tourism & hospitality sector brings money to cities and countries. Tourism & hospitality also provides jobs to the local residents. India has realized the profits available from this sector. India's tourism & hospitality industry now brings billions of dollars into the economy every year. The growth in the tourism & hospitality industry is due to the rise in the arrival of more and more foreign tourists and the increase in the number of domestic tourists. India is a country with diversified culture and traditions. The natural beauty of India, festivals, dresses, heritage sites of India are very popular among tourists. These things fascinate travelers to come here. The Government of India has established the Ministry of Tourism in order to boost Tourism & hospitality sector of India. The Ministry of Tourism has undertaken many projects to showcase India as a perfect tourist destination and create a visitor-friendly image of the country. The major steps taken by the Indian Government are the "Atithi Devo Bhavah Campaign" which gives a widespread message of "honoring the guest as he/she is always equivalent to god" and the "Incredible India Campaign" which is incredibly successful in creating a colorful and a gorgeous image of our country as a perfect holiday destination. India is a country which witnesses a lot of diversity pertaining to its ecology, mythology, history, its geographical diversity in terms of mountains, planes, plateaus and also the medicinal diversity teaching us the Science of Life (Ayurveda). India showcases a variety of tourism options which includes Ecological Tourism, Pilgrimage Tourism, Historical Tourism, Adventure Tourism, Medical Tourism and an upcoming Ayurveda Tourism. India is a country known for its lavish treatment to all visitors no matter where they come from. Its visitor-friendly traditions, varied life styles, cultural heritage and colorful fairs and festivals attract the tourists.

The other attractions include beautiful beaches, forests, wild life and landscapes for eco-tourism; snow, river and mountain peaks for adventure tourism; technological parks and science museums for science tourism; centers of pilgrimage for spiritual tourism; heritage, trains and hotels for heritage tourism. Yoga, ayurveda, natural health resorts and hill stations also attract tourists. The Indian handicrafts particularly, jewelry, carpets, leather goods, ivory and brass work are the main shopping items of foreign tourists. It is estimated through survey that nearly forty per cent of the tourist expenditure on shopping is spent on such items. Medical tourism in India is the fastest growing segment of tourism industry, according to the market research report "Booming Medical Tourism in India". The report adds that India offers a great potential in the medical tourism industry. Factors such as low cost, scale and range of treatments provided in the country add to its attractiveness as a medical tourism destination. Hospitality sector of India comprises of all star hotels, motels, hostels, inns, cafes, restaurants, pubs, nightclubs, bars, airlines, cruises, amusement parks etc.

II. METHODOLOGY

The present study is based on the secondary data published by various agencies and organizations. The present study makes use of data and information provided by World Travel & Tourism Council (WTTC), United Nation World Tourism Organization (UNWTO), Ministry of Tourism, Department of Industrial Policy & Promotion (DIPP), Newspapers, Magazines, Books, Economic Journals and Internet.

III. OBJECTIVES

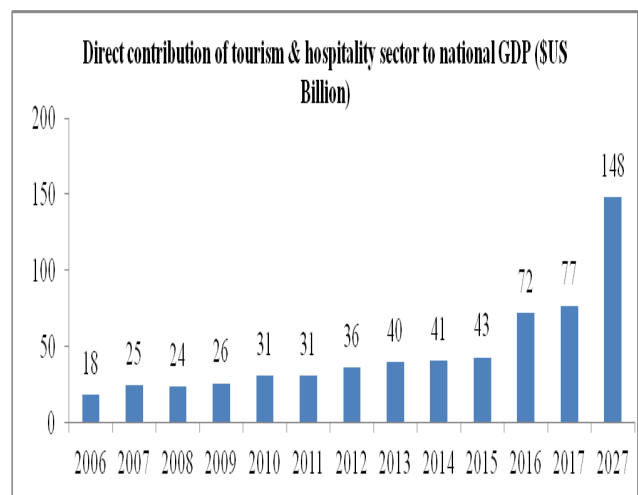
1. To study & analyze the contribution of tourism & hospitality sector to national gross domestic product (GDP).
2. To study various employment opportunities offered by Indian tourism & hospitality sector.
3. To study the market size of tourism & hospitality sector.
4. To study various recent & latest investments in tourism & hospitality sector.
5. To study the recent & latest government initiatives towards tourism & hospitality sector.

Contribution of tourism & hospitality sector to national gross domestic product (GDP):

According to WTTC's India Benchmarking Report 2015, every USD 1 million in Travel and Tourism spending in India generates USD 1.3 million in GDP. According to World Travel & Tourism Council's Economic Impact Report 2017; tourism & hospitality sector in India accounts for 9.6 per cent of the national gross domestic product (GDP) and is the 3rd largest foreign exchange

earner for the country; the tourism and hospitality sector's direct contribution to national GDP in 2016 was US\$ 71.7 billion; from 2006 – November 2017, direct contribution of tourism and hospitality sector to national GDP has registered a compound annual growth rate (CAGR) of 14.05 per cent; the direct contribution of tourism & hospitality sector to national GDP is expected to reach US\$ 148.2 billion by 2027.

Year	Direct contribution of tourism & hospitality sector to national GDP (\$US Billion) (Rounded-Off Figures)
2006	18
2007	25
2008	24
2009	26
2010	31
2011	31
2012	36
2013	40
2014	41
2015	43
2016	72
2017 (Upto November 2017)	77
2027 (Forecasted/Expected)	148



Employment opportunities offered by Indian tourism & hospitality sector:

According to World Travel & Tourism Council's Economic Impact Report 2017; in 2016 tourism & hospitality sector directly supported 25,394,500 jobs (5.8% of total employment). This is expected to rise by 2.1% in

2017 and rise by 2.1% pa to 31,910,000 jobs (6.1% of total employment) in 2027. Indian tourism & hospitality sector has enormous employment-generation potential & is expected to be the second-largest employer in the world employing approximately 52 lakh people, directly or indirectly by 2019. Indian tourism & hospitality sector offers ample of employment opportunities to both skilled & unskilled job seekers in Govt. Embassies, Travel Agencies – Travel Agent, Tour Operator, Tour Guide, Tour Scout, Tour Escort, All Star Hotels – Front Office, Food Production, F&B Service, Housekeeping, Airlines, Cruises, Quick Service Restaurants, Clubs, Bars & Pubs, Cafes, Motels, Hostels, Amusement Parks, Recreational Centers, Hospitals & Healthcare, Bakery & Confectionery, Institutional Catering, Industrial Catering, Armed Forces Mess, Ministerial Convention Centers, Railways – IRCTC, BPO & KPO's etc.

Market size of tourism & hospitality sector:

During 2014-16, the Government has undertaken various initiatives through policy interventions and by enabling infrastructure development to make 'Incredible India' a 'must revisit, must experience' destination. As a result of these initiatives, the sector has registered a phenomenal growth in domestic tourism, foreign tourist arrivals, foreign exchange earnings, and employment opportunities. As per the Travel & Tourism Competitiveness Index 2015 of the World Economic Forum, India's rank climbed up 13 Places to 52 in 2015 from 65 in 2013. The UNWTO Tourism Barometer (Volume 14, May 2016) currently ranks India at #40 in terms of global tourist footfalls. The goal is to increase India's share in world tourist arrivals from the present 0.68% to 1% by 2020, and further increase it to 2% by 2025. According to World Travel & Tourism Council's Economic Impact Report 2015 & Ministry of Tourism; India's rising middle class and increasing disposable incomes has continued to support the growth of domestic and outbound tourism. Until December 2016, foreign tourist arrival in India stood at 8.8 million. By 2025, foreign tourist arrivals in India are expected to reach 15.3 million. In December 2016, over 1, 62,250 foreign tourists arrived on e-tourist visa, in comparison with 103,617 foreign tourists in December 2015, registering a growth of 56.6 per cent over the previous year. As of December 2016, 8.8 million tourists have visited India, mostly from UK, US and Bangladesh. This has been due to flexible government policies, developed rail and road infrastructure, ease in availability of e-visas to foreign tourists. The numbers of Foreign Tourist Arrivals (FTAs) in April 2017 were 7.40 lakh as compared to FTAs of 5.99 lakh in April 2016 and 5.42 lakh in April, 2015. Domestic Tourist Visits (DTV's) to the Indian states & union territories grew by 15.5 per cent year on year from 2006 to 2016. Foreign tourist arrivals (FTAs) in India

increased 18 per cent year on year from 2006 to September 2017. FTAs on e-tourist visa in India increased 71 per cent year on year from 2006 September 2017. India is expected to be ranked among the top five business travel markets globally by 2030. International hotel chains will increase their expansion and investment plans in India, and are expected to account for 50 per cent share in the Indian hospitality industry by 2022, from the current 44 per cent.

Recent & latest investments in tourism & hospitality sector:

According to World Travel & Tourism Council's Economic Impact Report 2017; the tourism & hospitality sector's investment in 2016 was INR 2,284.9bn, 5.7% of total investment (USD 34.0bn). It should rise by 4.5% in 2017, and rise by 5.7% pa over the next ten years to INR 4,149.0bn (USD61.8bn) in 2027, 5.7% of total. The tourism and hospitality sector is among the top 10 sectors in India to attract the highest Foreign Direct Investment (FDI). During the period April 2000-June 2017, the tourism & hospitality sector attracted around US\$ 10.48 billion of FDI. With the rise in the number of global tourists and realizing India's potential, many companies have invested in the tourism and hospitality sector. Some of the recent investments in this sector are as follows; MakeMyTrip raised US\$ 330 million from Ctrip.com International Ltd, Naspers Ltd and few undisclosed investors, in a bid to withstand competition in the ticketing segment; MakeMyTrip has agreed to buy Ibibo Group's India travel business at a deal value of US\$ 720 million, thus creating India's largest online travel firm with a value of US\$ 1.8 billion, as estimated by Morgan Stanley; Yellow Tie Hospitality Management, specializing in franchise management of food and beverages firms, plans to invest up to US\$ 15-20 million in five restaurant ventures of celebrity chef Mr. Harpal Singh Sokhi, with the aim to have 250 outlets under these brands by 2020; Chaudhary Group (CG) Hotels & Resorts aims to have 200 hotels operational by 2020; Dine Equity Incorporation has signed a franchisee partnership deal with food services firm Kwai's Group, in order to enter the Indian markets with their breakfast chain IHOP; As per industry experts, mid-hotel segment in India is expected to receive investments of Rs 6,600 crore (US\$ 990 million) excluding land over next five years, with major hotel chains like Marriott, Carlson Rezidor and ITC planning to set up upscale, budget hotels in state capitals and tier-II cities; Hyatt Hotels Corporation has outlined plans of bringing its Hyatt Centric brand to India soon along with three new hotels in Kochi, Rameswaram and Hyderabad by 2017; Vatika Hotels Pvt. Ltd. has raised Rs 495 crore (US\$ 74.25 million) in debt from Axis Bank Ltd to expand its hotels and quick-service restaurant chain besides its business centers; Accor Hotels India has adopted a 'born in France,

made in India' approach to increase its properties in India, which has reached a total of 45 hotels and is expected to increase to 55 hotels by 2017; JW Marriott plans to have 175-200 hotels in India over the next four years.

Recent & latest government initiatives towards tourism & hospitality sector:

The Indian government has realized the country's potential in the tourism & hospitality sector and has taken several steps to make India a global tourism & hospitality hub. The Govt. of India has provided 100 % foreign direct investments (FDI), flexible tax incentives, flexible policies, better road, rail & air connectivity, ease in availability of e-visas to foreign tourists etc. In the Union Budget 2017-18, the Government of India announced some initiatives to give a boost to the tourism and hospitality sector such as setting up of five special tourism zones, special pilgrimage or tourism trains and worldwide launch of Incredible India campaign among others. 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 Ministry of Environment, Forest and Climate Change, Government of India, is planning to revise India's coastal regulation norms aimed at opening up the 7,500 km long coastline for developmental activities like tourism and real estate; The Central Government has taken a number of steps for smooth transitioning to cashless mode of payment to ensure that no hardship is faced by the tourists and the tourism industry remains unaffected from government's demonetization move; Maharashtra Tourism Development Corporation (MTDC) has come up with a unique tourism experience of visiting the open cast coal mine of Gondgaon and underground coal mine of Saoner, which are near Nagpur and part of Western Coalfields Limited; A Tripartite Memorandum of Understanding (MoU) was signed among the Indian Ministry of Tourism, National Projects Construction Corporation (NPCC), National Buildings Construction Corporation (NBCC) and Government of Jammu and Kashmir for the implementation of tourism projects in Jammu and Kashmir. According to tourism & hospitality sector's achievement report September 2016 released jointly by Department of Industrial Policy & Promotion (DIPP) & Ministry of Tourism, 100% FDI is permitted through automatic route for all construction development projects such as construction of hotels and resorts, recreational facilities, city and regional level infrastructure. Although FDI in sector is subject to lock-in period of three years based on certain conditions, special dispensation has been given for construction of hotels and resorts, recreational facilities, hospitals, educational institutions, Special Economic Zones, old age homes and investment by Non Resident Indians. Furthermore, conditions regarding minimum capitalization and area restriction have

also been removed. In November 2016, the e-Tourist Visa (eTV) scheme, which was launched on November 27, 2014 for nationals of 43 countries, was renamed to e-Visa scheme with three subcategories i.e. 'e-Tourist Visa', 'e-Business Visa' and 'e-Medical Visa'. Prior to the launch of the scheme, the e-TV facility was available for nationals of 12 countries only. As of January 2017, 161 countries are covered under the scheme. This facility is now available at 16 airports and 5 major ports in the country. The Government of India, w.e.f. November 2015, has revised the e-Tourist Visa (e-TV) fee in four slabs of 0, USD 25, USD 48, and USD 60. Previously eTV application fee was USD 60 for all the countries. Bank charges have been reduced from USD 2 to 2.5 % of the e-TV fee, which at the highest slab works out to USD 1.5 as compared to USD 2 earlier. There is no bank charge for zero visa fees. The visa will be valid for 60 days and can be applied upto 4 months ahead of visit. At present on an average 3,500 e-Tourist Visas are being granted daily to foreign nationals. The e-tourist visa scheme has attracted large number of tourists from countries like U.S, Germany, U.K among others. Swadesh Darshan (Integrated Development of Tourist Circuits on Specific Themes) scheme was launched by the Ministry of Tourism on March 9, 2015 for the development of theme based tourist circuits to cater to both mass and niche tourism. Thirteen theme tourist circuits, viz NorthEast India Circuit, Buddhist Circuit, Himalayan Circuit, Coastal Circuit, Krishna Circuit, Desert Circuit, Tribal Circuit, Eco Circuit, Wildlife Circuit, Rural Circuit, Spiritual Circuit, Ramayana Circuit and Heritage Circuit (launched in the month of December 2015) have been identified for development under this Scheme. Five Pan India Mega Circuits have also been identified, namely, Ramayana-Krishna Buddhist Mega Circuit, Himalayan & Adventure Circuit, World Heritage Circuit, Coastal and Wild Life Circuits, to showcase India as the Land of Buddha and destination for Spiritual and Adventure Tourism. The National Mission for Pilgrimage Rejuvenation and Spiritual Augmentation Drive (PRASAD) scheme, was launched by Ministry of Tourism on March 9, 2015 for the development and beautification of pilgrimage sites to tap the growth of domestic tourists driven by spiritual/ religious sentiments. The scheme seeks to augment tourism infrastructure at places of pilgrimage to provide better facilities to pilgrims/tourists and enhance their experience. In the first phase, 13 cities, viz, Amritsar, Kedarnath, Ajmer, Mathura, Varanasi, Gaya, Puri, Dwarka, Amravati, Kanchipuram, Vellankanni, Guwahati and Patna have been identified for infrastructure development under PRASAD. Between January-June 2016, 96,856 Medical Visas were issued highlighting the continued growth in this space. In an effort to further promote the medical and wellness sector in India, in June 2016, the list of permissible activities under e-Tourist visa was expanded to include "Attending a Short Term Yoga

Program” and “Short Duration Medical Treatment under Indian Systems of Medicine.” During the FY 2015-16 (up to 31st December 2015), the Ministry has released an amount of INR 64.59 lakh, to Indian Institute of Skiing & Mountaineering (IIS&M) and INR 47.06 lakh for Indian Mountaineering Foundation (IMF) for activities related to Adventure tourism. A Task Force on Cruise Tourism with Secretary (Tourism) as the Chairman and Secretary (Shipping) as the Co-Chairman was constituted on November 24, 2015, to develop the vast coastline of the country and promote Cruise Tourism. The International Tourism Mart is organized every year in North-Eastern States with the objective to highlight the tourism potential in the region. The 4th International Tourism Mart was organized from 14- 16 October, 2015 at Gangtok in Sikkim. 52 foreign delegates from 23 countries participated in ITM - 2015. The 5th International Tourism Mart took place in Imphal, Manipur from 23-25 November, 2016. Adarsh Smarak: ASI has identified 100 monuments to be developed as Model Monuments. These monuments would be provided necessary tourist facilities including Wi-Fi, security, signage, encroachment free area, interpretation centres showing short films about the importance of monuments and signboards of Swachh Bharat Abhiyan. The Biennial International Buddhist Conclave is organised with the objective of showcasing the rich Buddhist Heritage of the country and encourage inbound tourism to the Buddhist sites. The International Buddhist Conclave of 2016, was held in Varanasi, Sarnath and Bodhgaya from October 2- 5, 2016. A Web-based Public Delivery System has been set up for recognition of Travel Trade Service Providers and for classification of hotels in order to ease the process of filing applications by Travel Trade Service Providers seeking recognition from the Ministry. A mobile application called Swachh Paryatan was launched on February 22, 2016, which will let citizens report any hygiene issues at various tourist destinations across the country. The Ministry of Tourism launched the 24x7 Toll Free Multi-Lingual Tourist Helpline in 12 languages on February 8, 2016 and can be accessed on Toll Free Number 1800-11-1363 or short code 1363.

IV. CONCLUSION

Service sector is the largest sector of Indian economy. The tourism & hospitality industry is one of the major components of Indian service sector & is undoubtedly one of the key driver of growth & development of Indian economy. India's tourism & hospitality sector has huge growth potential. The Indian tourism & hospitality sector contributes significantly to national GDP by generating enormous amount of foreign exchange as cited above. The Indian tourism & hospitality sector provides ample of multi-sectoral employment opportunities to young & dynamic Indian nationalities. The market size of Indian

tourism & hospitality industry has expanded significantly as the number of FTA's are increasing year by year. A lot of international tourism & hospitality (Hotel) brands, groups, chains & companies have started to invest in tourism & hospitality sector on the basis of visualization of healthy boom in the tourism & hospitality sector in the past decade. The Govt. of India has helped significantly in the growth & development of Indian tourism & hospitality sector by providing 100 % foreign direct investments (FDI), flexible tax incentives, flexible policies, better road, rail & air connectivity & ease in availability of e-visas to foreign tourists.

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